AFRICA RESEARCH & IMPACT NETWORK

AFRICA'S CLIMATE FINANCE OUTLOOK 2026

Trends, Sub-Regional Realities, and Strategic Entry Points

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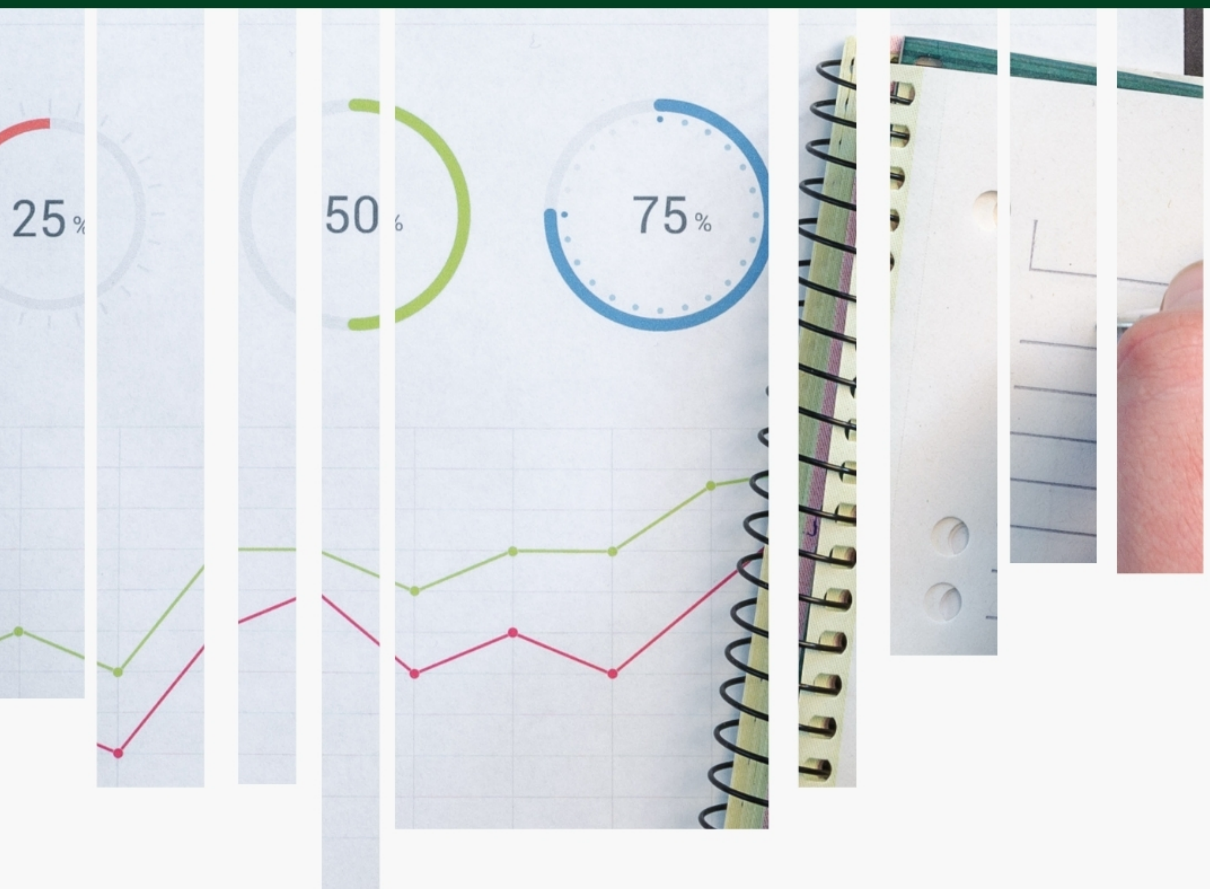
ABBREVIATIONS AND ACRONYMS

AES	Alliance of Sahel States
AFAC	African Financial Alliance on Climate Change
AfDB	African Development Bank
AFCRA	Africa Credit Rating Agency
AFOLU	Agriculture, Forestry and Other Land Use
AFRODAD	African Forum and Network on Debt and Development
AFSDJN	AfronomicsLaw African Sovereign Debt Justice Network
AI	Artificial Intelligence
APRM	African Peer Review Mechanism
ARIN	Africa Research and Impact network
AU	African Union
BCG	Boston Consulting Group
BEAC	Bank of Central African States (Banque des États de l'Afrique Centrale)
BOAD	West African Development Bank (Banque Ouest Africaine de Développement)
CAFI	Central African Forest Initiative
CAPE	Carbon Accelerator Programme for the Environment
CCAFS	CGIAR Research Program on Climate Change, Agriculture and Food Security
CEMAC	Central African Economic and Monetary Community
CO2	Carbon Dioxide
COBAC	Central African Banking Commission (Commission Bancaire de l'Afrique Centrale)
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of the Parties (UNFCCC)
CORAF	Council for Scientific and Agricultural Research in West and Central Africa
CPI	Climate Policy Initiative
CSA	Climate-Smart Agriculture
DAC	Development Assistance Committee (OECD)
DFI	Development Finance Institution
DRM	Domestic Resource Mobilisation
EAC	East African Community
EAD	Environmental Affairs Department (Malawi)
EBID	ECOWAS Bank for Investment and Development
EBRD	European Bank for Reconstruction and Development
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
ESG	Environmental, Social and Governance
ESMAP	Energy Sector Management Assistance Program
EUR	Euro
FAO	Food and Agriculture Organization of the United Nations
FSD Africa	Financial Sector Deepening Africa
FSDAi	FSD Africa Investments
G20	Group of Twenty
GCA	Global Center on Adaptation
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEFF	Green Economy Financing Facility (EBRD)

GESI	Gender Equality and Social Inclusion
ICJ	International Court of Justice
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IDMC	Internal Displacement Monitoring Centre
IEA	International Energy Agency
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IRENA	International Renewable Energy Agency
JETP	Just Energy Transition Partnership
JSE	Johannesburg Stock Exchange
KBC	Kenya Broadcasting Corporation
LDCF	Least Developed Countries Fund
MDB	Multilateral Development Bank
MEMD	Ministry of Energy and Mineral Development (Uganda)
MFMA	Municipal Finance Management Act (South Africa)
MNRE	Ministry of Natural Resources and Climate Change (Malawi)
MRV	Monitoring, Reporting and Verification
MSME	Micro, Small and Medium-sized Enterprise
NDC	Nationally Determined Contribution
ND-GAIN	Notre Dame Global Adaptation Initiative
NGFS	Network for Greening the Financial System
NICCS	National Integrated Clean Cooking Strategy (Uganda)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OGP	Open Government Partnership
ORF	Observer Research Foundation
PA-GGW	Pan-African Agency of the Great Green Wall
PAYGo	Pay-As-You-Go
PPP	Public-Private Partnership
RAAF	Regional Agency for Agriculture and Food (ECOWAS)
RBF	Results-Based Financing
RCS	Regional Climate Strategy (ECOWAS)
REC(s)	Regional Economic Community/-ies
SACCO	Savings and Credit Cooperative Organization
SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SEFF	Sustainable Energy Financing Facility
SEI	Stockholm Environment Institute
SME	Small and Medium-sized Enterprise
SURAGGWA	Scaling-Up Resilience in Africa's Great Green Wall
T20	Think20 (G20 engagement group)
TA	Technical Assistance
TAF(s)	Technical Assistance Facility/-ies
TERAMED	1 Terawatt Renewable Energy Capacity Installed in the Mediterranean Region
UECCC	Uganda Energy Credit Capitalisation Company
UK	United Kingdom
UMA	Arab Maghreb Union

UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
US / USD	United States / United States Dollar
V20	Vulnerable Twenty
WAEMU	West African Economic and Monetary Union
WAICSA	West African Initiative for Climate-Smart Agriculture
WASCAL	West African Science Service Centre on Climate Change and Adapted Land Use
WHO	World Health Organization

EXECUTIVE SUMMARY



Africa contributes less than 4% of cumulative global greenhouse gas emissions, is among the world's most climate-vulnerable regions, and receives just 2% of global climate finance (CPI, 2023). Implementing its Nationally Determined Contributions (NDCs) is estimated to cost USD 2.8 trillion by 2030, roughly USD 277 billion a year (CPI, 2022a; AfDB, 2023), yet current flows meet only around 23% of that need (CPI, 2024). The gap is structural, not simply a shortage of money: finance concentrates in larger, mitigation-oriented, bankable economies, private capital remains marginal, and the global financing architecture is poorly aligned with African realities.

Climate finance to Africa reached approximately USD 43.7 billion annually in 2021/22, up 48% on 2019/20 (CPI, 2024), but growth has been uneven. All five sub-regions remain underfunded by three to six times relative to their NDC-costed needs, and financing remains overwhelmingly public, 86% against 14% private (Climate Finance Innovation for Africa, 2022), a far lower private share than in Latin America or South Asia.

This report proceeds from the conviction that Africa's climate finance challenge is not uniform across the continent, and that continental averages mask substantial differences in climate risk, financing needs, fiscal space, market depth, and institutional capacity across Africa's five sub-regions, Central, Western, Eastern, Northern and Southern Africa. It moves from diagnosis to evidence to synthesis to recommendations. It examines what is being done about that gap across five thematic pillars namely (a) democratising and decentralising climate finance; (b) strengthening private-sector participation; (c) capacity building for climate finance mobilisation and implementation; (d) regional enablers of climate financing; and (e) reforming the climate finance architecture for equity, accountability and impact. Twelve detailed case studies, drawn from across all five sub-regions, are woven through these themes to illustrate how particular financing approaches are working in practice.

On *democratising and decentralising climate finance,* the evidence shows that decentralising finance and democratising it are not the same thing. Effective localisation requires financing channels embedded within existing governance structures rather than standalone projects, while democratisation additionally requires deliberate inclusion of marginalised groups, recognition of local knowledge, and transparency that lets communities scrutinise financing decisions, as the contrasting design choices of Kenya's FLLoCA and Malawi's CLAP for Resilience programmes illustrate.

On *private-sector participation,* mobilising private capital is shown to depend less on designing cleverer financial instruments than on strengthening the institutional, data and governance foundations any instrument relies on, matching instrument design to sovereign risk and enterprise scale, and sequencing private engagement early enough in the NDC cycle that projects are investable from the outset.

On *capacity building,* closing Africa's climate finance absorption gap requires simultaneous investment at macro, meso and micro levels, with capacity building embedded within financing conditionality, as the West African WAICSA demonstrates, rather than delivered as a stand-alone activity, and success measured against financing and development outcomes rather than training workshops delivered.

On *regional enablers,* initiatives such as SURAGGWA, the BEAC Green Window, FSD Africa and the TERAMED initiative show that regional aggregation is a valuable but not automatic contribution to closing the finance gap. It works best where it performs functions individual countries structurally cannot, and where it is matched by credible regional governance and a deliberate cascade of benefits back to the national and community level.

On *reforming the climate finance architecture*, the Seychelles and Gabon debt-for-nature swaps and the wider evidence point to the need for simultaneous action on the terms and composition of finance, the governance of credit rating practices, MDBs and multilateral climate funds, the separation of policy oversight from allocation, and the embedding of transparency within domestic public financial management, since architectural reform without domestic institutional capacity, or domestic reform without architectural change, will each continue to operate within a system that structurally disadvantages African borrowers.

Finally, the report translates the above findings into thematic sets of recommendations, each with concrete steps, responsible actors, and evidence from the report's case studies. But read together, the evidence converges on four cross-cutting conclusions. First, *bankability, not vulnerability, is what actually allocates climate finance*. The ten most climate-vulnerable African countries receive just 11% of flows while ten larger, more bankable economies capture approximately 46% (CPI, 2024). This is a pattern that recurs at sub-continental scale, in private-sector instrument design, and in how credit rating agencies price perceived rather than documented risk.

Second, *the financing gap is a scale-mismatch problem that repeats at every level*, rather than a single continental shortfall. Individual communities, enterprises and even countries are each too small, in different ways, for the institutions, instruments and negotiating leverage that unlocking finance requires, which is why decentralisation and regional aggregation are best understood as the same design principle applied at different points on one chain, not opposing strategies.

Third, *institutional and governance quality, not just the volume of finance pledged, is the binding constraint throughout*, from the corruption risk that decentralisation can introduce in weakly governed settings (Wang & Njangang, 2025), to the fiscal-credibility dependence of platforms like Benin's, to the governance contrast between a relatively functional ECOWAS and a historically fragmented Arab Maghreb Union.

Fourth, *climate finance as currently structured risks compounding the vulnerability it is meant to address*. Debt-distressed countries devote 36-43% of the climate finance they receive to servicing existing debt (CPI, 2024), more than half of all climate finance arriving in Africa is estimated to take the form of debt rather than grants (Tax Justice Network Africa, 2025), and mitigation still accounts for 64% of NDC-costed financing needs against 36% for adaptation, even though Africa's own vulnerability is concentrated in adaptation and resilience.

1.INTRODUCTION

1.1. The Context

1.1.1. Historical Climate Risks and Impacts in the Past Decades Across Africa

Climate change is one of the defining development challenges of the 21st century, with Africa bearing a disproportionate share of its impacts despite contributing only a small fraction of global greenhouse gas emissions. The continent's high vulnerability stems from widespread poverty, dependence on climate-sensitive sectors such as agriculture, and limited adaptive capacity. Globally, climate-related damages to agriculture, infrastructure, health, and productivity are projected to cost approximately USD 38 trillion annually by 2050, reducing global incomes by about 19% (Kotz et al., 2024). Africa is expected to experience some of the largest income losses.

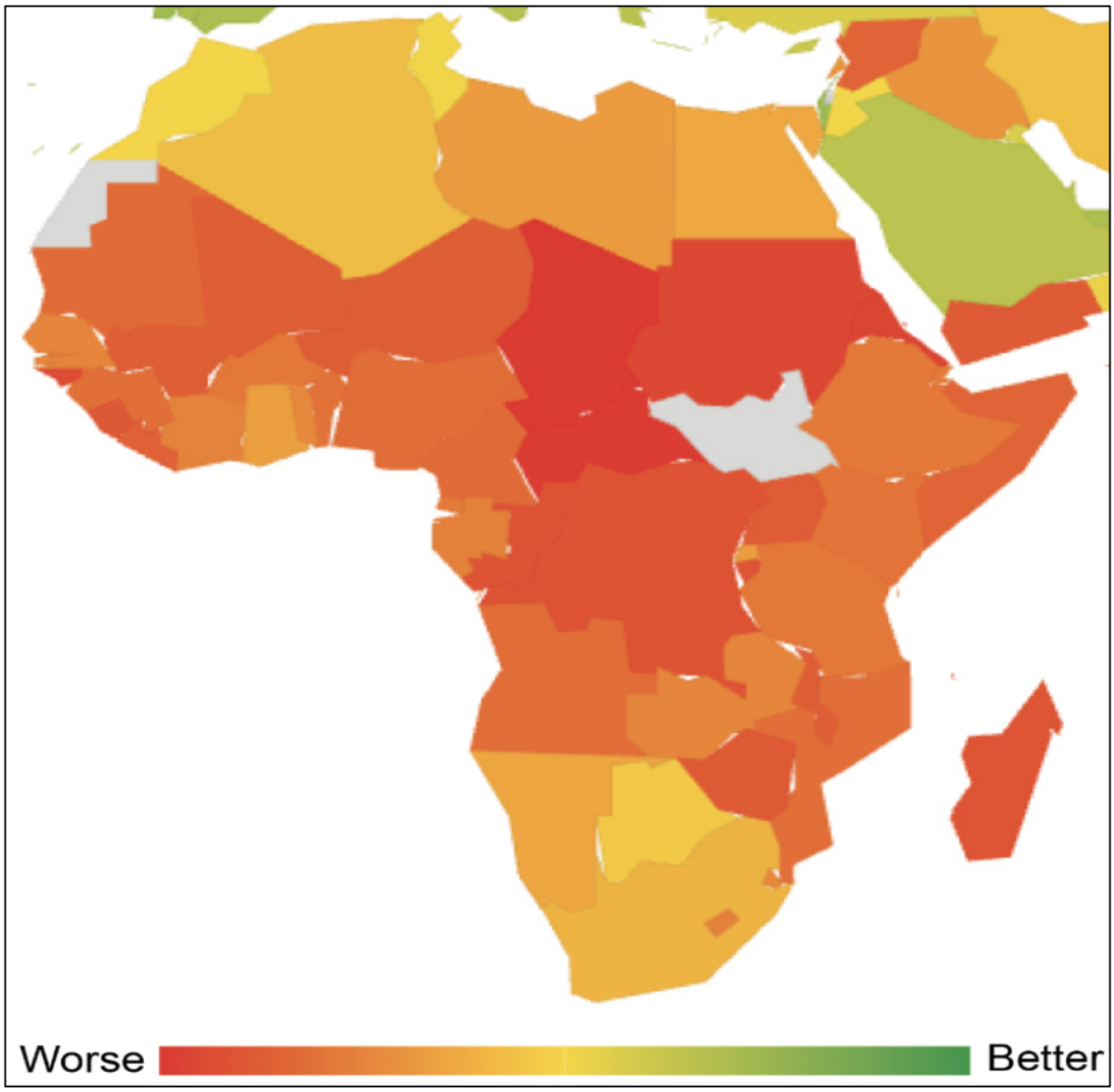


Figure 1: Climate vulnerability index for African countries. Source: Notre Dame Global Adaptation Initiative, 2025.

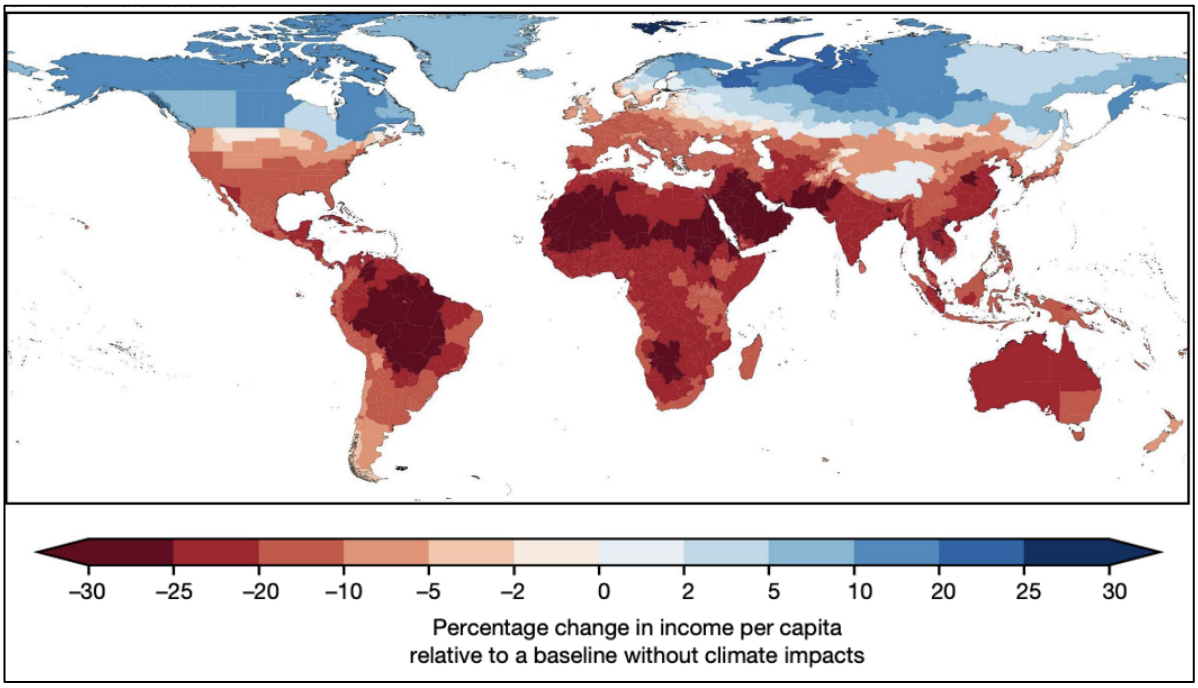


Figure 2: Projected income changes in 2049 relative to a baseline without climate change impacts. Source: Kotz et al., 2024.

Over the past five decades, Africa has warmed by approximately 1.5°C, nearly twice the global average, with increasingly erratic rainfall, more frequent droughts and floods, rising sea levels, and intensifying extreme weather events (IPCC, 2023). These changes have progressively undermined poverty-sensitive livelihoods, particularly rain-fed farming, pastoralism, and artisanal fisheries, by reducing household assets and incomes and deepening multidimensional poverty through food insecurity, health shocks, and lost productive capacity (IPCC, 2023).

Recent climate events illustrate the scale of these impacts. Between 2005 and 2020, flood-related damages across the continent exceeded USD 4.4 billion (IPCC, 2023). In the Sahel, the 2024 heatwave, with temperatures exceeding 45°C, reduced millet and sorghum yields by up to 15% while causing widespread livestock and income losses for 90% of smallholder farmers (World Weather Attribution, 2024). Floods across West and Central Africa in 2024 affected more than 8.5 million people across Chad, Nigeria, Niger, and Mali and contributed to food price increases of about 20% (Reuters, 2024a; Reuters, 2024b). In Southern Africa, Tropical Cyclone Freddy in 2023 caused economic losses exceeding USD 1.31 billion across Malawi, Mozambique, and Madagascar. Meanwhile, the 2021–2022 drought in the Horn of Africa was the worst in four decades and left nearly 32 million people food insecure, with livestock losses exceeding 50% (GCA, 2023). In Central Africa, floods in 2022 affected 150,000 smallholder farmers and increased poverty from 48% to 53%, while the July 2023 heatwave in North Africa, with temperatures nearing 50°C, compounded a prolonged drought, restricting irrigation and forcing rural households to buy scarce water at high prices, deepening multidimensional poverty (Al Jazeera, 2023).

North Africa	Sahel	Horn of Africa
Heatwave, July 2023	*Heatwave, April 2024*	*Drought, 2021-2022*
Temperatures near 50°C	**Temperatures above 45°C**	**Worst drought in four decades**
Compounded a prolonged drought, restricting irrigation and forcing households to buy scarce water at high prices	Millet and sorghum yields down up to 15%; livestock and income losses for 90% of smallholder farmers	Nearly 32 million people left food-insecure; livestock losses exceeding 50%
Al Jazeera, 2023	*World Weather Attribution, 2024*	*Global Center on Adaptation, 2023*

West & Central Africa	Central Africa	Southern Africa
Floods, June 2024	*Floods, 2022*	*Tropical Cyclone Freddy, March 2023*
More than 8.5 million people affected	**150,000 smallholder farmers affected**	**Economic losses exceeding USD 1.31 billion**
Chad, Nigeria, Niger, and Mali; contributed to food price increases of about 20%	Poverty rate rose from 48% to 53% in affected areas	USD 680.4m Malawi, USD 481.5m Madagascar, USD 150m Mozambique
Reuters, 2024a, 2024b	*ReliefWeb, 2022*	*UNDRR, GAR Special Report 2024*

Figure 3: Recent climate shocks and impacts on livelihoods in Africa

Beyond individual disasters, climate change is placing sustained pressure on Africa's food systems. Agriculture employs roughly half of the continent's labour force and remains predominantly rain-fed, making it highly vulnerable to rising temperatures, shifting rainfall patterns, and increasing pest outbreaks (IPCC, 2023). Without substantial adaptation, yields of major staple crops such as maize, wheat, sorghum, and millet could decline by up to 30% by mid-century (African Development Bank, 2024). Growing water scarcity, particularly across the Sahel, North Africa, the Horn of Africa, and Southern Africa, further threatens agricultural production, hydropower generation, industry, and domestic water supplies (IEA, 2023). Climate change is also increasing public health risks through the spread of climate-sensitive diseases such as malaria, dengue fever, and cholera, heat stress, and health risks associated with extreme weather events (WHO, 2023). At the same time, climate-related disasters are becoming major drivers of displacement and migration, with millions of new internal displacements every year being linked to weather-related disasters (IDMC, 2024).

The impacts of climate change therefore extend beyond environmental degradation. Climate impacts increasingly affect the foundations of economic transformation, poverty reduction, fiscal stability, and long-term development planning. As climate risks intensify, governments are required to allocate growing resources toward disaster response, reconstruction, social protection, and resilience-building measures. Understanding the scale and multidimensional nature of these climate impacts is therefore essential for assessing Africa's climate finance needs. Climate finance is ultimately a response to these escalating development pressures, making the analysis of climate impacts a necessary foundation for understanding the broader climate-development and financing challenges discussed below.

1.1.2. Africa's Climate-Development-Finance Paradox

Africa's climate-development-finance paradox reflects a series of tensions. The continent has contributed relatively little to climate change, yet faces some of its most severe impacts. Secondly, it has significant opportunities for climate-compatible development, yet massive investment needs continue to leave substantial development and climate deficits unaddressed. And thirdly, while addressing these interconnected challenges requires substantial financial resources, Africa continues to face limited access to appropriate and affordable finance.

Africa contributes less than 4% of cumulative global greenhouse gas emissions, yet, as set out above, is among the most vulnerable regions to climate change. At the same time, African countries face substantial development deficits, including limited access to electricity and infrastructure, high poverty levels, and low industrialisation (IEA, 2023). They must therefore

simultaneously build climate resilience, reduce poverty, expand basic services, and pursue economic transformation, often under conditions of constrained fiscal and institutional capacity.

Africa also has significant opportunities to pursue climate-compatible development. The continent possesses approximately 60% of the world's best solar resources, substantial wind and geothermal potential, extensive natural carbon sinks, and significant reserves of critical minerals required for clean energy technologies (IEA, 2023). Unlike many industrialised economies whose development pathways were built on carbon-intensive growth models, Africa therefore has an opportunity to pursue a different trajectory. Rapid urbanisation, rising energy demand, infrastructure expansion, and a young and growing population create opportunities to integrate low-carbon and climate-resilient investments into future development pathways. Climate investment can therefore contribute simultaneously to resilience, economic diversification, expansion of energy access, industrialisation, job creation and long-term structural transformation (AfDB, 2024). Renewable energy can expand electricity access and support industrialisation while reducing emissions; climate-smart agriculture can strengthen food security and resilience; resilient infrastructure can enhance productivity while reducing climate-related losses; and ecosystem restoration can support livelihoods, biodiversity, and carbon sequestration.

Realising these opportunities, however, requires finance at a scale far beyond currently available resources. Implementing Africa's Nationally Determined Contributions (NDCs) could require approximately USD 2.8 trillion between 2020 and 2030, equivalent to around USD 250-300 billion annually (AfDB, 2021). Yet Africa received less than 5% of global climate finance in 2022 despite its high vulnerability and substantial financing requirements (CPI, 2024). The financing gap reflects more than a shortage of resources. It points to structural features of the financing system that constrain Africa's ability to access, mobilise and effectively deploy finance for climate-compatible development. These interrelated challenges are discussed below.

First, the structure of climate finance itself often fails to align with the realities of African economies. Finance remains concentrated in larger economies, mitigation-oriented investments and sectors capable of generating predictable financial returns such as energy, while adaptation, resilience, local-level interventions, and projects in low-income and fragile contexts often face greater difficulties in attracting capital. Many investments that are critical for resilience and development generate substantial social benefits but limited direct financial returns, making them less attractive to commercial investors.

Second, public climate finance remains insufficient and competes with broader development financing needs. Many African countries are attempting to finance climate adaptation, energy transitions, infrastructure expansion, healthcare systems, education services, and poverty reduction simultaneously at a time when fiscal space is narrowing, public debt levels are rising, and access to affordable long-term finance remains limited.

Third is insufficient mobilisation of private capital. Of the approximately USD 30 billion received in 2021/2022, 86% came from public sources and only 14% from private sources (Climate Finance Innovation for Africa, 2022), a marked contrast with Latin America and South Asia, where the private sector contributes almost half and more than one third of climate finance, respectively. Market-based mechanisms remain limited across Africa and other developing countries, with few established emissions trading systems and limited institutionalisation of innovative financing instruments.

Fourth, the global financing architecture also remains poorly aligned with Africa's financial realities. International climate finance, including from MDBs and private actors, is largely

structured around upfront, cost-based financing rather than payments linked to verified climate outcomes, weakening incentives to deliver emissions reductions and other climate outcomes.

The fifth challenge concerns structural and institutional constraints. Despite progress in blended finance and de-risking, financial instruments, regulatory frameworks, and investment pipelines have not sufficiently reduced barriers or incentivised private investment at scale, leaving climate finance heavily reliant on public budgets and grants.

Sixth, Africa also faces significant knowledge and capacity gaps. Limited capacity to develop bankable projects, structure blended finance, engage international investors or effectively harness domestic capital markets constrains access to finance, while the effectiveness of existing capacity-building initiatives remains unevenly documented and poorly understood, limiting the ability of governments and development partners to target capacity investments where they would most effectively unlock finance.

Finally, an important dimension that has received insufficient attention is the differentiated character of Africa's sub-regions, with challenges highly uneven across the continent. Continental averages, while useful for advocacy, mask substantial subregional differences in climate risks, financing needs, fiscal space, financial-market depth, institutional capacity, and access to private capital. These distinctions are central to understanding which financial instruments can work, where capacity building is most urgent, and how political economy dynamics either enable or obstruct progress. A green bond framework that succeeds in South Africa or Morocco cannot be transplanted wholesale to a fragile state with an underdeveloped banking sector. Furthermore, a blended finance facility designed for utility-scale solar in Egypt will not, by itself, serve the needs of smallholder farmers adapting to erratic rainfall in Malawi. The architecture of climate finance must therefore be evaluated and designed with regional specificity.

This Climate Finance Outlook proceeds from that conviction. Africa's climate-development-finance challenge is not uniform across the continent, and persistent gaps remain between Africa's climate and development needs and the way finance is mobilised, accessed and deployed. Addressing these gaps therefore requires not only increasing the volume of finance available to Africa, but also understanding strategies that can improve how finance is mobilised and allocated in ways that are more responsive to diverse country and regional priorities. These considerations shape the discussions that follow, where the key question is: *what approaches are emerging to improve the mobilisation and allocation of climate finance, how effectively are they working, and what lessons can be drawn across Africa's regions?*

1.1.3. The need for a sub-regional analysis of climate finance in Africa

The regional variation briefly highlighted in 1.1.2. above is the central analytical justification for how this report is structured. Africa's 55 Member States have, since 1976, been grouped by the Organisation of African Unity into five geographic sub-regions namely Northern, Southern, Eastern, Western, and Central Africa (CM/Res.464QCXVI).

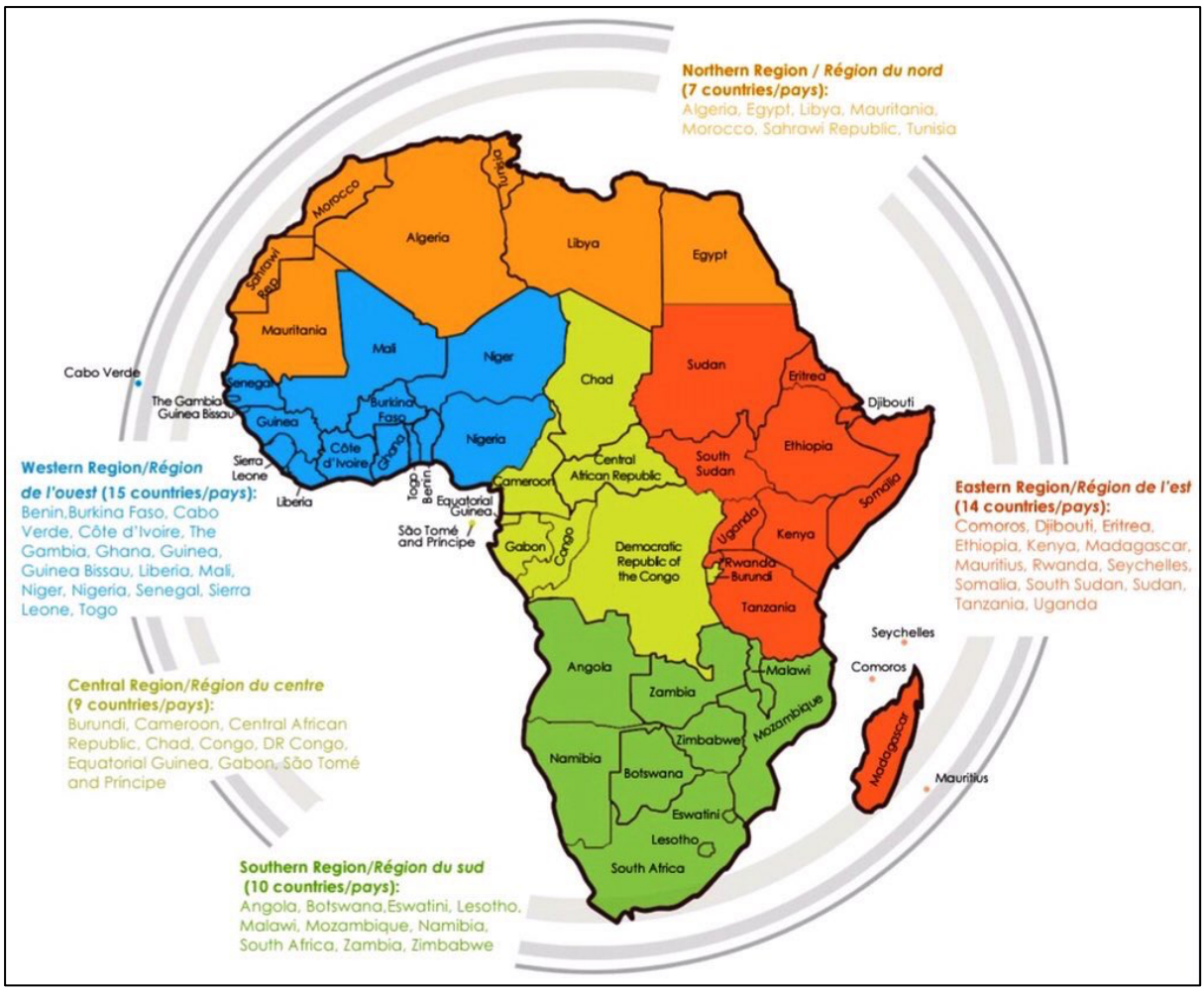


Figure 4: AU Sub-regions; Source: African Union Mission to the UN

This classification today maps onto the continent's principal Regional Economic Communities: the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD) in the east; the Economic Community of West African States (ECOWAS) in the west; the Southern African Development Community (SADC) in the south; the Economic Community of Central African States (ECCAS) and the Central African Economic and Monetary Community (CEMAC) in the centre; and the Arab Maghreb Union (UMA) in the north. As Bangura (2025) argues, these RECs function as pivotal sub-regional platforms through which fifty-four diverse nations pool sovereignty and coordinate transboundary climate responses. Treating them as the primary unit of analysis, rather than the continent or the nation-state alone, is therefore a deliberate methodological choice, not a matter of convenience.

The first reason is explanatory. Continental averages describe outcomes but not causes. Knowing that Africa receives under very little of global climate finance says nothing about why East Africa's needs are so heavily concentrated in a single country, why private capital clusters around South Africa while its neighbours remain reliant on grants, or why the Congo Basin's carbon wealth has yet to be monetised at scale. A sub-regional lens exposes the interaction of institutional capacity, financial market depth, and political will that produces these patterns, dynamics that national case studies illuminate only in isolation and continental figures erase altogether (Opitz-Stapleton et al., 2023).

The second reason is structural. The uneven distribution of climate finance across Africa's sub-regions is not a neutral market outcome; it reflects an architecture that channels finance toward administratively capable, well-rated states through intermediaries favouring large, bankable

mitigation projects, while the most climate-vulnerable countries remain structurally marginalised (AFRODAD, 2022; Wang & Njangang, 2025). Arko (2024) goes further, arguing that climate finance mechanisms ostensibly designed to support sustainable development have in practice reinforced older patterns of economic dependency and deepened African states' financial vulnerability, while Getachew Bekele (2026) cautions that market-oriented instruments such as carbon markets, if pursued without addressing underlying debt and trade constraints, risk adding new liabilities rather than resolving old ones. Making these dynamics visible at sub-regional scale is a precondition for any credible reform agenda.

The third reason is practical. Sub-regional analysis generates lessons that are transferable, even where they are not directly replicable. An innovation that works in one sub-region's institutional and market context, e.g., a green bond framework, a blended finance facility, a REC-level guarantee mechanism, cannot simply be transplanted into another with a shallower capital market or a more fragile fiscal position. What can travel are the underlying conditions for success. As the Adaptation Without Borders partnership (2023) demonstrates, understanding the political economy of transboundary climate risk within existing REC frameworks is essential to identifying entry points for coordinated action. It is this search for context-specific, replicable entry points, developed further in Section 5, that the sub-regional structure of this report is designed to support.

For these reasons, this report moves beyond continental aggregates to organise its analysis around Africa's five sub-regions, examining each in turn in Section 3 before drawing out cross-regional lessons in Section 4 and strategic entry points in Section 5.

1.2. Structure of the Report

Building on the climate-development-finance challenges outlined above, this report provides an evidence-based outlook on climate finance in Africa, examining not only the scale, sources and distribution of finance, but also how African countries and stakeholders are responding to persistent financing constraints. Its central purpose is to identify emerging approaches to mobilising and deploying climate finance, assess how they are working, and draw lessons from African experiences that can inform more effective climate finance policy and practice across the continent.

The report is organised in four further sections. Section 2 establishes the continental climate finance landscape, assessing how much finance is flowing, from which sources, through which instruments, and into which sectors, benchmarked against the scale of Africa's own climate finance needs, before examining how that continental picture varies across Africa's five sub-regions. Section 3 then presents region-by-region findings from ARIN's regional convening series, organised around five thematic pillars: (a) democratising and decentralising climate finance; (b) strengthening private-sector participation; (c) capacity building for climate finance mobilisation and implementation; (d) regional enablers of climate financing; and (e) reforming the climate finance architecture for equity, accountability and impact. Twelve detailed case studies, drawn from across all five sub-regions, are woven through these themes to illustrate how particular financing approaches are working in practice. Section 4 draws these regional findings together into a cross-regional synthesis, identifying common patterns, regional differences, what appears to work and under what conditions, and lessons that may be transferable across Africa's climate finance landscape. Section 5 concludes with the report's recommendations.

Read together, the four sections move from diagnosis to evidence to synthesis: Section 2 establishes the scale and shape of the problem, Section 3 shows what is driving it and what is being done about it on the ground, and Section 4 distils what that regional evidence means for policy and practice across the continent.

1.3. Methodology

This study uses a mixed-methods approach combining an empirical phase of regional policy dialogues, a systematic literature review, and an integrative synthesis that draws the two together, with case studies used throughout to validate, contextualise and deepen the resulting narrative (Figure 1.5).

The empirical phase comprised 12 regional policy dialogues convened by the Africa Research and iMPACT network (ARIN) between November 2025 and July 2026, with 3 dialogues held in each of four subregions - East, West, Southern and North Africa. The dialogues were structured around the report's five thematic pillars. The themes emerged as the main policy discourses from discussions at the Climate Finance and Sustainability Centre's 2nd Annual Africa Climate Finance Conference, held in Kampala, Uganda, in April 2025, and therefore reflect the key climate finance policy issues identified as priorities by stakeholders. Stakeholders were identified through purposive sampling informed by ARIN's typology of climate finance actors, spanning national and bilateral development finance institutions, government agencies, multilateral climate funds, knowledge intermediaries, commercial institutions, and civil society, with attention to gender balance and geographic spread. Proceedings were recorded, transcribed, anonymised, and analysed thematically to identify structural barriers and emerging opportunities in each region.

This empirical evidence was complemented by a systematic review of peer-reviewed and grey literature, including reports from development finance institutions, think tanks, and multilateral and regional bodies, used to validate convening evidence, fill gaps where dialogue coverage was thinner, and incorporate more recent data where individual sources provide it. The two strands were then integrated through a convergent synthesis that cross-referenced findings across both phases, identifying where evidence converged, where it diverged, and what that divergence itself reveals about the unevenness of Africa's climate finance landscape.

Complementing the dialogues were twelve case studies structured by theme. On decentralising and democratising climate finance, Kenya's Financing Locally-Led Climate Action (FLLoCA) programme and Malawi's Championing Local Adaptation for Productive Ecosystems and Enhanced Resilience (CLAP for Resilience) were chosen because they show two contrasting routes to community-level decision-making, one scaling an existing devolved government system, the other mandating rather than simply enabling inclusion. On private-sector participation, the EBRD's Green Economy Financing Facility, the Cape Town Water Outcomes-Based Bond, and Uganda's clean cooking transition were selected because together they span the three main channels through which private capital reaches African climate investment namely, bank-intermediated finance, capital markets, and enterprise-level results-based finance. On capacity building, the West African Initiative for Climate-Smart Agriculture (WAICSA) was chosen as tant example of a mechanism that embeds capacity building as a precondition for finance rather than a separate activity. On regional enablers, the SURAGGWA Great Green Wall programme, the BEAC Green Window in Central Africa, FSD Africa, and the TERAMed renewable energy initiative were selected because they span the full range of maturity a regional enabler can take, from an operational programme tested by political fragmentation to a still-unconfirmed mechanism to two established platforms with verified results. On architecture reform, the Seychelles and Gabon debt-for-nature swaps were chosen because they are the two African transactions of this kind with the most substantial independent scrutiny, allowing an assessment of what such instruments deliver in practice rather than only how they are designed. Taken together, these case studies ground the report's argument in documented practice rather than design intent alone, showing where climate finance mechanisms have produced durable institutional change and where their results fall short of the ambition claimed for them.

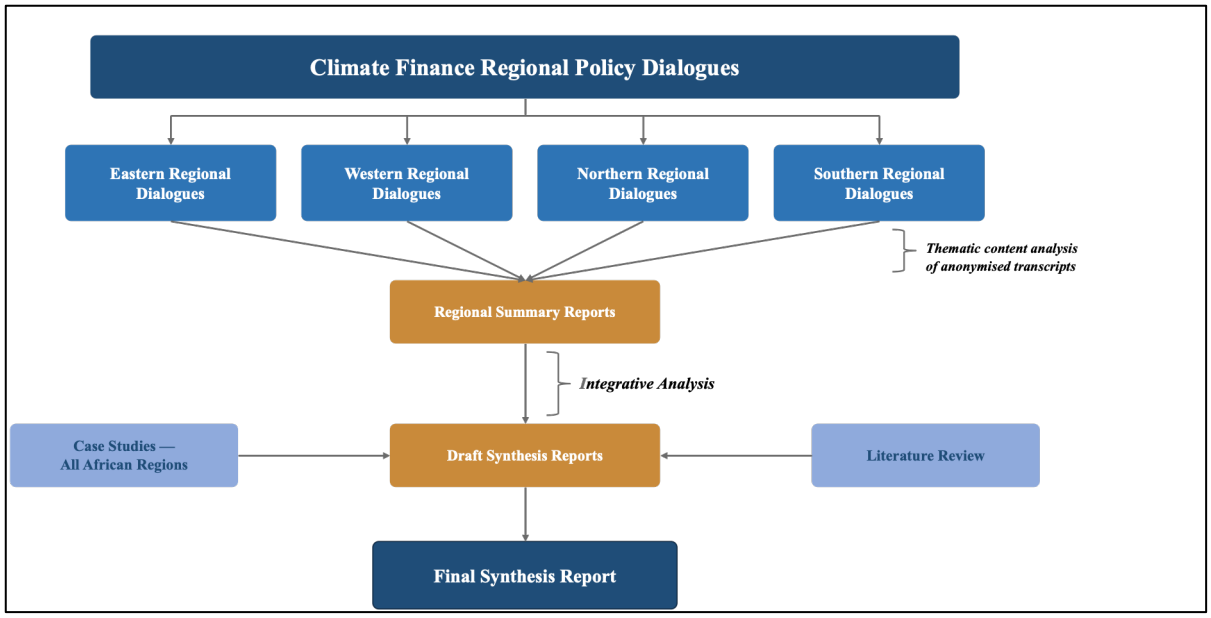


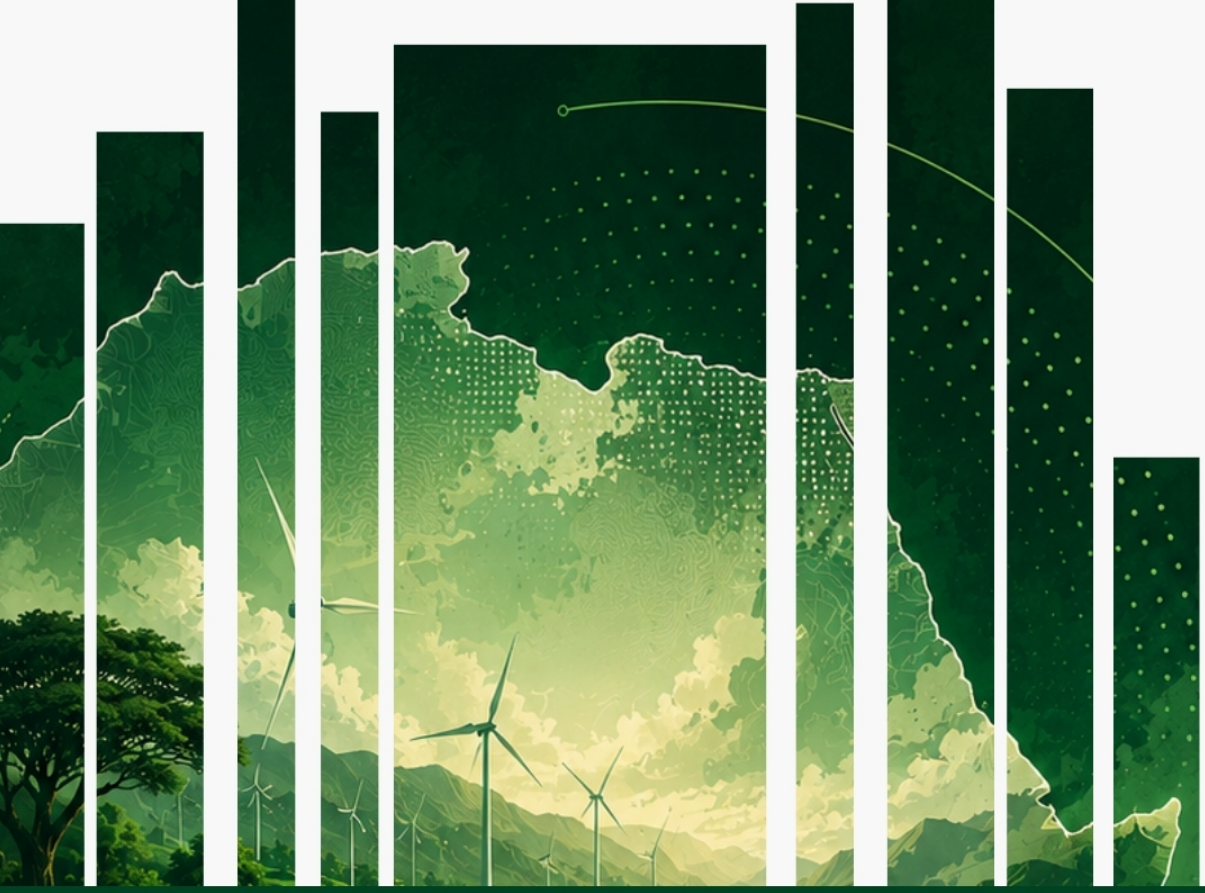
Figure 5: Summary methodology

1.4. Limitations

This report's evidence base combines a wide range of major climate finance tracking initiatives, institutional self-reporting, and academic and grey literature, each with its own reporting cycle. Comprehensive cross-source climate finance tracking is inherently slow to compile, so the most complete, reconciled estimates of Africa-wide flows available at the time of writing are necessarily somewhat dated relative to the report's publication. Where individual institutions' more recent self-reported results or newer tracking initiatives provide fresher figures, these are used and clearly dated alongside the fuller reconciled picture, but readers should treat headline flow figures as indicative of recent trends rather than real-time snapshots.

The empirical phase was not able to convene a dedicated regional dialogue in Central Africa, within the timeframe and resourcing available for this study, which introduces a degree of sampling imbalance relative to the other four sub-regions. This report addresses that gap partially. Two of the twelve case studies, the BEAC Green Window and Gabon's sovereign debt-for-nature instrument, are drawn from Central Africa, and the systematic literature review was used to fill remaining evidence gaps for the sub-region. Even so, Central African findings in this report rest more heavily on secondary sources and less on direct practitioner testimony than findings for the other four sub-regions.

Finally, much of the evidence in Section 3 reflects what convening participants reported about their own institutions, countries or programmes rather than independently verified outcomes. Where this report was able to cross-check a claim against independent data or a published evaluation, it has done so and noted any divergence, and where it was not, the finding is presented as what participants reported, not as an independently confirmed result.



2. THE STATE OF CLIMATE FINANCE IN AFRICA

Introduction

This section sets out the evidence base for the analysis that follows. Section 2.1 opens with a continental overview, evaluating who the key stakeholders in Africa's climate finance ecosystem are and how their relative power shapes outcomes, how much finance is flowing and how that has grown over the past decade, from which sources and through which instruments it is delivered, and into which sectors it ultimately goes, each benchmarked against the scale of the continent's own assessed needs. Section 2.2 then turns to how that continental picture varies across Africa's five sub-regions, Central, Western, Eastern, Northern and Southern Africa, examining flows and trends, sources and access patterns, and sectoral allocation in turn, and grounding each in the flagship instruments through which finance is being mobilised on the ground. Read together, the two sub-sections establish the quantitative landscape against which the regional convening evidence in Section 3 and the cross-regional synthesis in Section 4 can be read.

2.1. A Continental Overview

2.1.1. Key stakeholders in Africa's climate finance ecosystem

Before turning to the numbers, it is worth being explicit about whose decisions those numbers reflect. The mobilisation and deployment of climate finance in Africa is not a neutral, technical process but a political one, shaped by the interests and relative power of a small number of actor groups. At the national level, ministries of finance, energy and agriculture typically hold more budgetary authority and political weight than ministries of environment, which host most countries' NDC focal points but often lack the leverage to enforce climate priorities across government. National tax authorities, meanwhile, control a critical but underused lever, domestic resource mobilisation, that is constrained by a shadow economy estimated at 35% of GDP, or USD 1.0-1.2 trillion in untaxed activity (SAIIA, 2025).

Internationally, multilateral development banks, bilateral donors and dedicated climate funds control the majority of financial flows and bring their own risk appetites and reporting requirements, engaging recipient countries in a dynamic that can prioritise bankable projects over locally determined needs. Credit rating agencies, principally Moody's, S&P and Fitch, are a less visible but structurally powerful part of this ecosystem because sovereign ratings that keep most African governments below investment grade translate directly into higher borrowing costs, estimated to cost the continent around USD 75 billion a year in additional interest payments (Mutize, 2025), which is one reason the African Union and African Peer Review Mechanism have pushed for an African Credit Rating Agency offering more contextual assessments (APRM & UNECA, 2025). Private investors, civil society and research institutions, and non-traditional bilateral partners such as China, complete an ecosystem in which, as later sub-sections show, whose interests dominate at any given moment has a direct bearing on where finance flows and where it does not.

2.1.2. Aggregate flows and trends

The evidence points to a landscape characterised by growth without sufficient scale. Climate finance flows to Africa have increased significantly over the past decade, reaching approximately USD 43.7 billion annually in 2021/22, a 48% increase on the USD 29.5 billion recorded for 2019/20 (CPI, 2024), after growing at an average of around 24% per year over 2011-2021 (OECD, 2021). That growth held across every subregion. West Africa's annual flows grew from USD 535 million in 2011 to USD 7.6 billion in 2021, the fastest expansion on the continent, while East Africa, the largest recipient throughout the period, grew from USD 1.3 billion to USD 5.9 billion over the same years (UNDP, 2024).

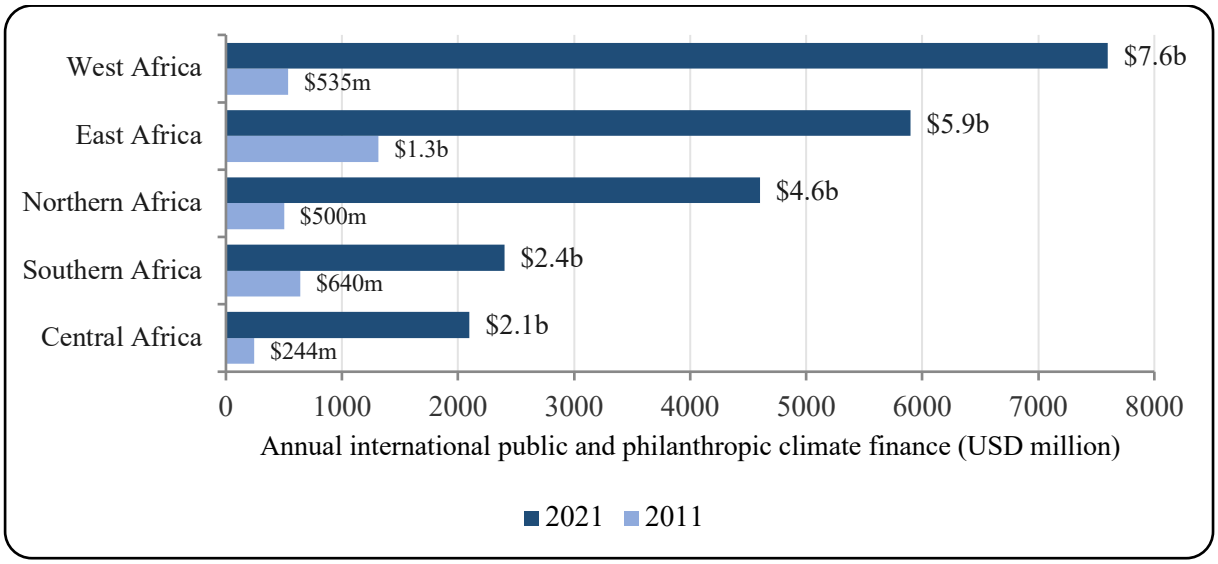


Figure 6: Annual international public and philanthropic climate finance by subregion, 2011 vs. 2021. Source: UNDP, 2024.

Despite this growth, Africa continues to receive only around 2% of global climate finance flows (CPI, 2023), a share disproportionately small next to East Asia and the Pacific's 44% (CPI, 2023) (Fig 6), despite Africa contributing less than 4% of global greenhouse gas emissions and facing among the world's highest climate vulnerability (Global Carbon Budget, 2022; ND-GAIN, 2023). The scale of that mismatch has, if anything, widened since global climate finance hit an all-time high of USD 1.9 trillion in 2023, more than doubling in three years, and private climate finance alone surpassed USD 1 trillion globally for the first time (CPI, 2025). Against a global pool of that size, growing at roughly 26% a year, Africa's absolute flows, even allowing for growth since 2021/22, still represent a rounding error in the global total.

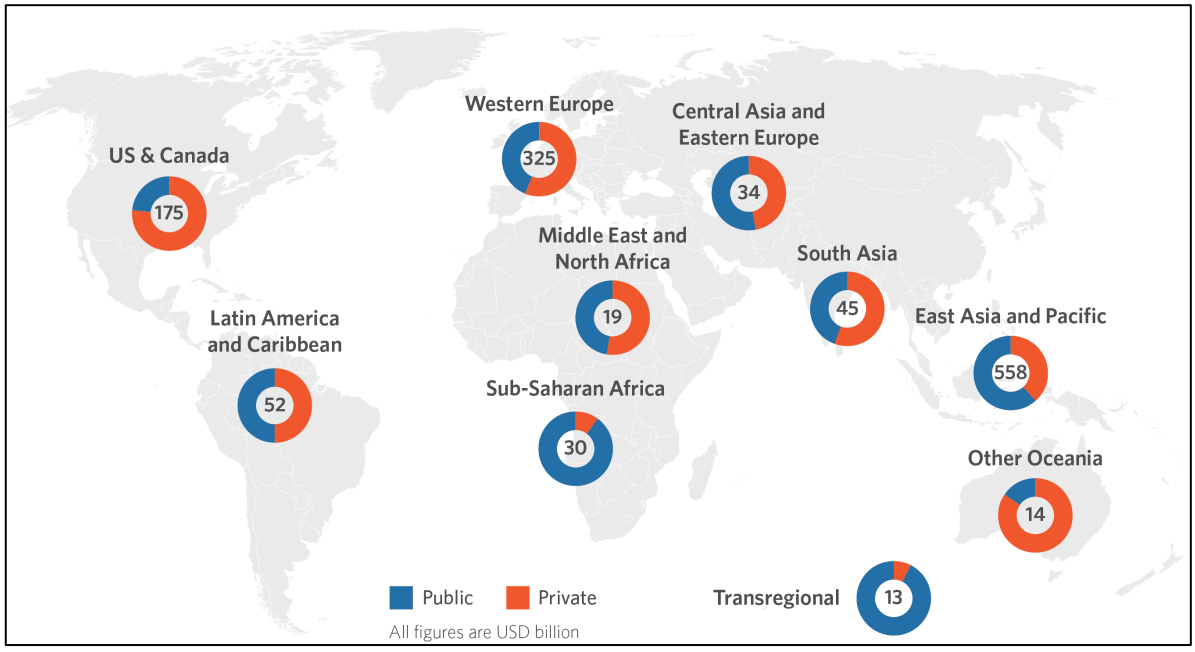


Figure 7: Climate Finance Flows to Africa in Comparison to other Regions, 2022; (Source: CPI, 2023)

Set against need, the gap is quite conspicuous. African countries are estimated to require USD 2.8 trillion between 2020 and 2030 to implement their NDCs, equivalent to around USD 277 billion a year (CPI, 2022a; AfDB, 2023). Current flows meet only around 23% of this annual requirement, with mitigation needs 18% met and adaptation needs just 20% met (CPI, 2024).

Another notable trend within aggregate climate finance flows in Africa has been the growing emphasis on resilience and adaptation financing (Fig 8). Historically, climate finance globally was heavily concentrated in mitigation investments, particularly renewable energy and emissions reduction projects. In Africa, however, increasing climate shocks including droughts, floods, cyclones, desertification, and food insecurity, have elevated adaptation and resilience priorities across national and regional climate agendas. As a result, aggregate climate finance flows increasingly reflect the continent's urgent need for climate adaptation and resilience-building interventions. The United Nations Environment Programme's Adaptation Gap Report 2025 highlights that developing countries as a whole require between USD 310 and 365 billion a year for adaptation by 2035, and without corrective action climate damages could cost Africa up to 20% of GDP by 2050 and 64-80% by 2100 (UNEP, 2025).

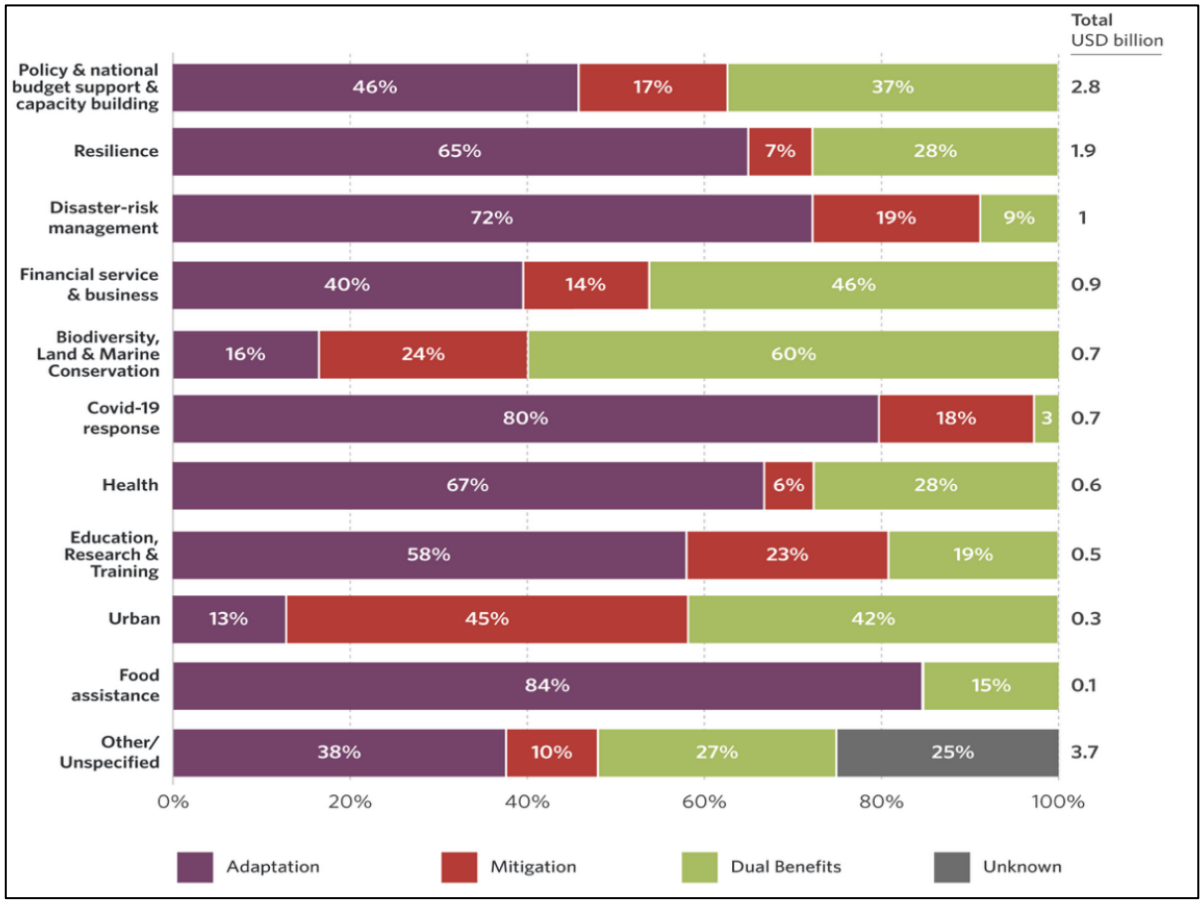


Figure 8: Resilience and adaptation financing in Africa 2021/22; Source: CPI, 2024)

This underfunding is not evenly distributed. According to CPI (2024), all five African subregions are underfunded by at least three to six times relative to their NDC-costed needs, with the largest proportional funding gap observed in Southern Africa. Reported financing needs are themselves concentrated. East Africa accounts for an estimated 35% of the continent's total NDC financing requirements to 2030 (with Ethiopia alone responsible for roughly half of that share), followed by Southern Africa (20%, of which South Africa accounts for 91%), West Africa (18%), North Africa (18%) and Central Africa (11%) (CPI, 2024). Measured instead by cumulative finance actually mobilised over 2011-2021, the ranking shifts: East Africa mobilised the largest cumulative total

(USD 43.9 billion), followed by West Africa (USD 36.2 billion), North Africa (USD 34.6 billion), Southern Africa (USD 19.8 billion) and Central Africa (USD 10.8 billion), with a further USD 25.0 billion channelled through regional, multi-country programmes (OECD, 2021; UNDP, 2024). Read together, these two measures point to different problems. East Africa's large share of both needs and flows suggests a sizeable but relatively well-tracked gap, whereas Southern Africa's comparatively low share of both needs and flows, despite hosting economies such as South Africa with substantial absolute financing requirements, is consistent with the sharper proportional underfunding CPI identifies there.

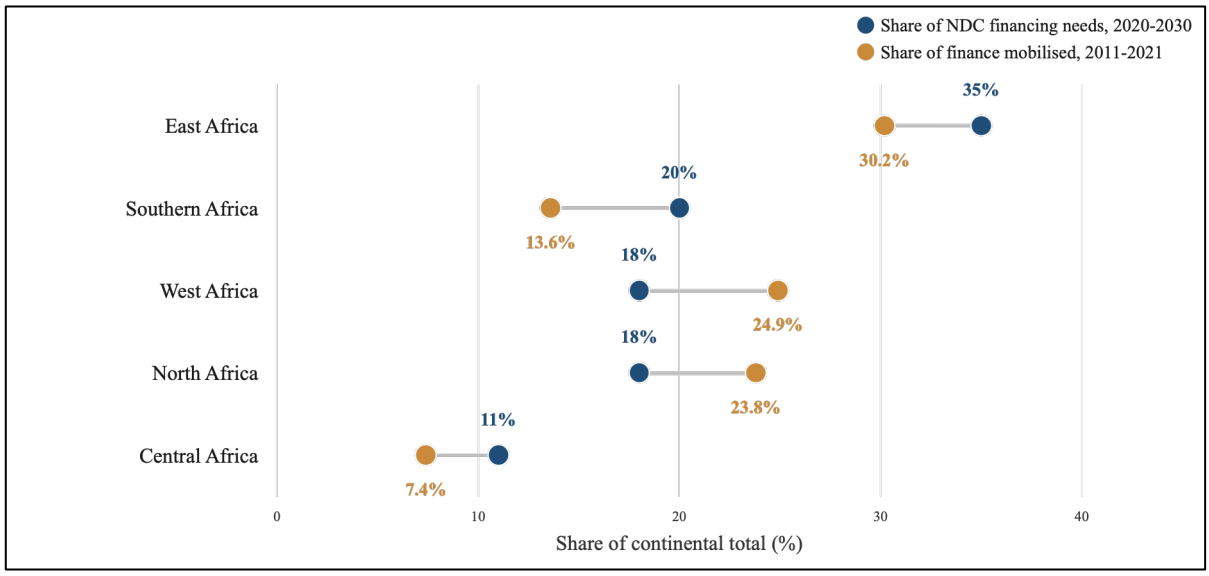


Figure 9: Share of continental NDC financing needs (2020-2030) vs. share of cumulative climate finance mobilised (2011-2021), by subregion. Sources: CPI, 2024; OECD, 2021; UNDP, 2024. Note: the two series measure different things (costed future need vs. historical cumulative flows) and are not directly additive.

The most current available signal, drawn from individual institutions' own 2024 and 2025 results rather than from reconciled cross-source tracking, suggests the growth trend has continued. The African Development Bank approved USD 5.93 billion in climate finance in 2025, 54% of total project approvals and 58% of it for adaptation, and in doing so surpassed its 2020-2025 target of mobilising USD 25 billion, reaching approximately USD 25.5 billion cumulatively (AfDB, 2025). The share of the Bank's projects screened as climate-informed rose from 77% in 2016 to 98% in 2024 (AfDB, 2024). The World Bank Group reported a record USD 42.6 billion in global climate finance commitments in its 2024 fiscal year, part of which was directed to African climate and resilience programmes (World Bank, 2024). Preliminary OECD data for 2023 show bilateral ODA to Africa reaching USD 42 billion, a 2% real increase on 2022, with climate-related ODA now representing over a third of members' total bilateral allocable ODA in 2023-24 (OECD, 2024). These are self-reported, institution-specific figures rather than a full re-tracking of continental flows, but together they are consistent with continued, if still insufficient, growth since the last comprehensive 2021/22 baseline.

The full picture, from where finance originates through to which sector it ultimately funds, is easiest to see in a single view. Figure 10 traces the USD 43.7 billion in average annual climate finance mobilised in 2021/22 across five stages: whether it is domestic or international; which institutions source or intermediate it; which financial instrument delivers it; whether it serves mitigation, adaptation or dual benefits; and which sector ultimately receives it.

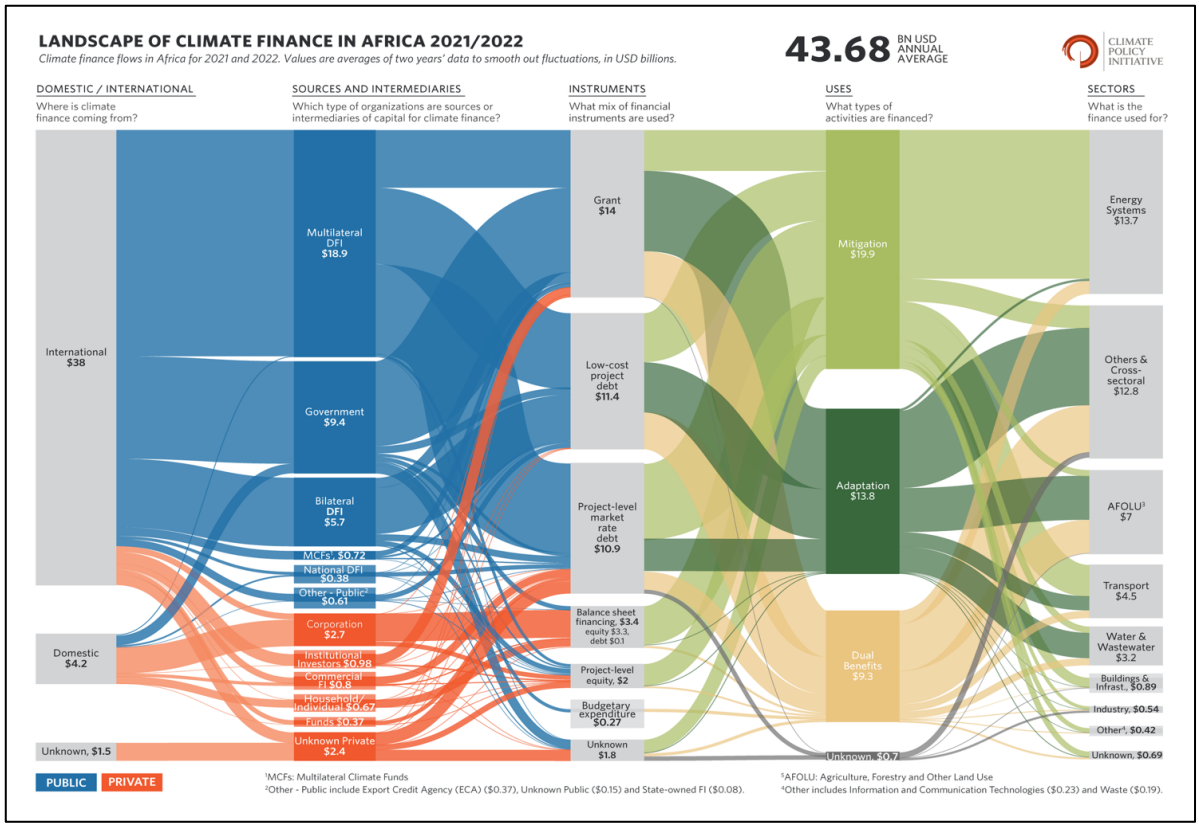


Figure 10: The landscape of climate finance in Africa, 2021/22: domestic/international origin, sources and intermediaries, instruments, uses and sectors (USD billions, annual average). Source: CPI, 2024.

2.1.3. Sources and instruments

Africa's climate finance remains heavily dependent on public and concessional sources. Public finance provided 82% of the continent's tracked climate finance in 2021/22, with private capital remaining limited and concentrated in sectors, chiefly energy, where predictable revenue streams can be established (CPI, 2024). Multilateral DFIs alone provided 43% of overall flows (53% of public flows), split roughly evenly between mitigation (39%) and adaptation (37%) activities, and channelled mostly to energy (21%) and AFOLU (20%) (CPI, 2024). Between 2011 and 2021, bilateral sources (USD 92.6 billion) and multilateral development banks (USD 65.6 billion) together accounted for roughly 93% of OECD-reported climate finance mobilised on the continent; bilateral sources were historically dominant, but MDBs overtook them as the leading source from 2020 (OECD, 2021; UNDP, 2024).

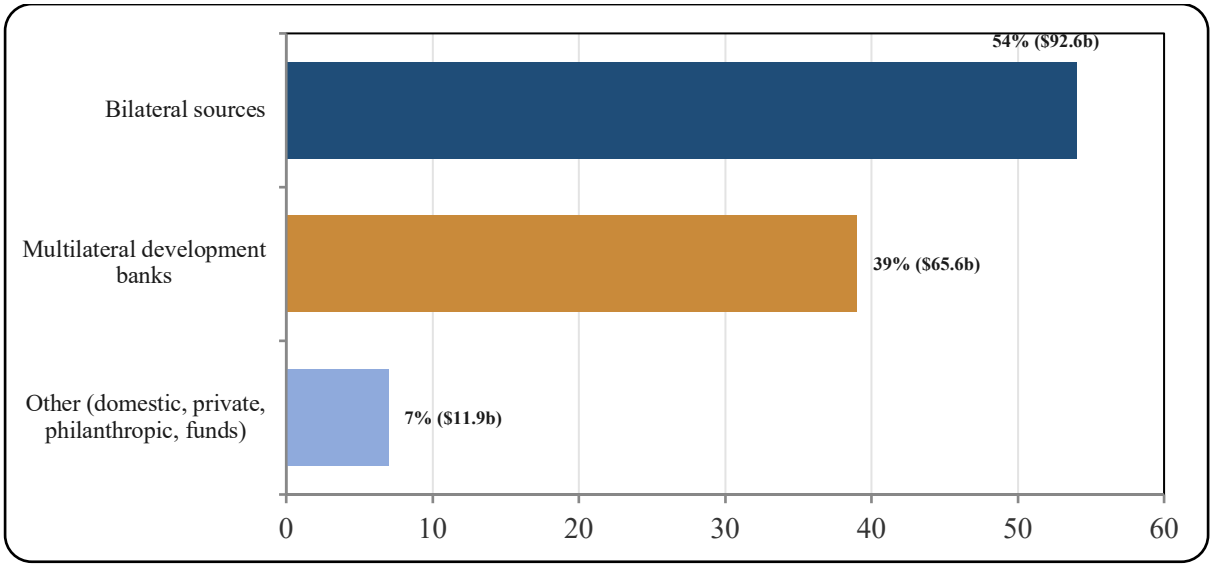


Figure 11. Sources of Africa's tracked climate finance, cumulative 2011-2021. Source: OECD DAC data.. Note: percentages are rounded and reflect OECD-tracked international public and philanthropic flows only.

Private sector finance almost doubled between 2019/20 and 2021/22, to reach USD 8 billion, still a small fraction of the continent's total. Corporations (34%), commercial financial institutions (10%), grant-making philanthropies (10%), households and individuals (8%), infrastructure funds (5%) and institutional investors (2%) made up the identifiable share, with 31% unattributed; the vast majority, 80%, went to mitigation projects, and private finance overall remains heavily concentrated in energy systems (72%) (CPI, 2024).

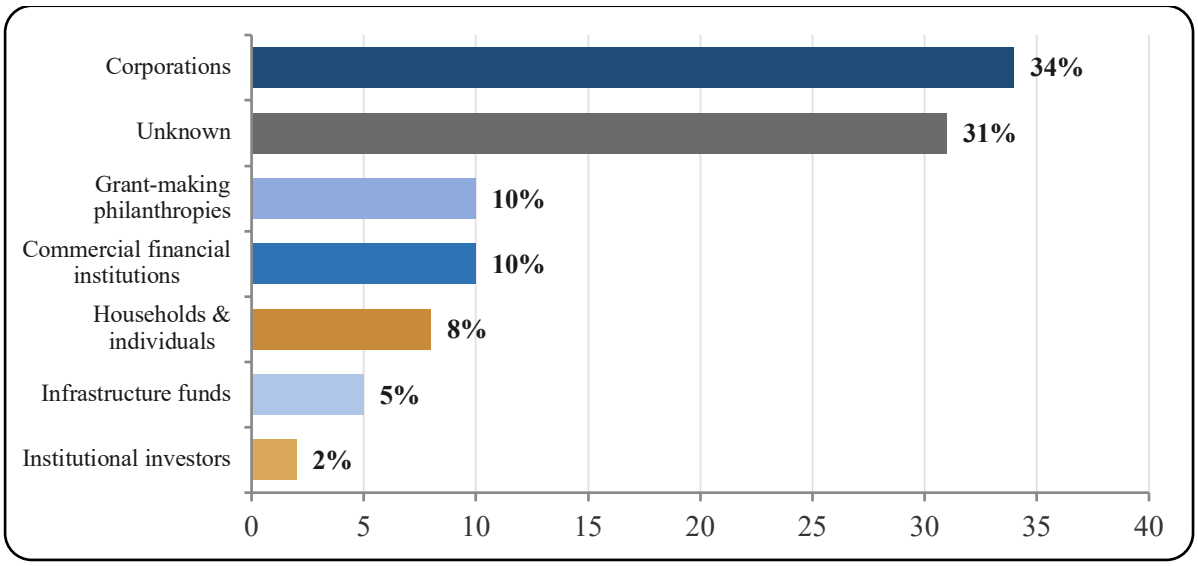


Figure 11: Private climate finance providers in Africa, 2021/22 (USD 8 billion total). Source: CPI, 2024.

The most recent market-based evidence, drawn from OECD's 2026 review of how bank lending, bonds and foreign direct investment are aligning with climate goals, adds a more current, if partial, picture of where private capital is heading. Between 2022 and 2024, bank-facilitated low-carbon energy financing by banks headquartered in Africa and the Middle East grew by 112%, the fastest growth of any region globally, albeit from a very low base (OECD, 2026). Africa also received 21% of global greenfield foreign direct investment in renewable energy over 2021-2025,

second only to Europe's 32% (OECD, 2026), and green-labelled corporate bond issuance in Africa now exceeds issuance by fossil fuel companies, a pattern shared with Europe and parts of Asia-Pacific (OECD, 2026). Set against this, Africa has the lowest share of green-labelled syndicated loans of any region, under 3% of issuance over 2021-2025, and the highest share of carbon-intensive lending (OECD, 2026), a reminder that positive momentum in some private instruments coexists with very limited depth in others.

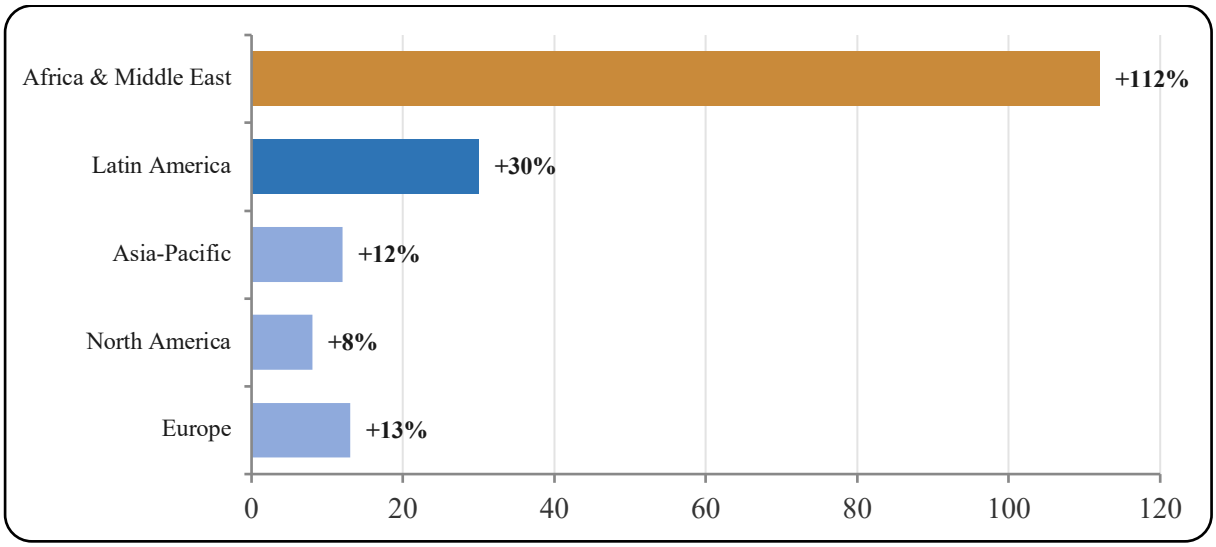


Figure 12: Growth in bank-facilitated low-carbon energy financing by region of bank headquarters, 2022-2024. Source: OECD, 2026.

By instrument, the large majority of tracked flows are delivered as grants or concessional loans, with a smaller share as non-concessional, market-rate lending, and other instruments, guarantees, equity, insurance and debt-relief products, remain marginal (UNDP, 2024). This concentration in concessional debt and grant finance, alongside the dominance of MDBs and DFIs whose risk-averse mandates and fiduciary requirements favour bankable, large-scale mitigation projects, institutionalises what the literature describes as a system of high dependence and asymmetric power, where financing decisions are shaped less by a neutral assessment of need than by which projects and countries are perceived as lower risk (CPI, 2024; Purdon, 2024). Estimates of how debt-heavy this system is vary by source and methodology. CPI (2024) finds debt-distressed countries devoting 36-43% of their climate finance to debt servicing, while Tax Justice Network Africa estimates that over half of all climate finance to Africa arrives as debt and only around 5% as grants (TJNA, 2025). The two estimates are not directly comparable, but both point in the same direction.

This dependence is compounded by two further dynamics. First, high debt burdens constrain the fiscal space African governments have to finance climate action domestically, and reliance on external loans can deepen indebtedness rather than relieve it. Second, finance itself is highly concentrated: ten economies[1] account for approximately 46% of gross climate finance flows, while Africa's ten most climate-vulnerable nations receive just 11% (CPI, 2024). This concentration is sharper still for private investment, where ten countries, led by South Africa (25%) and Egypt, capture roughly three-quarters of gross private climate finance (CPI, 2024). Larger economies present lower perceived risk, more established financial markets and more scalable, revenue-generating opportunities, particularly in mitigation, creating a self-reinforcing

[1] Egypt, Nigeria, Ethiopia, Tanzania, Côte d'Ivoire, Morocco, South Africa, Democratic Republic of Congo, Kenya, Uganda

cycle in which bankability, rather than vulnerability or need, drives capital allocation (Andersen et al., 2022; Wang & Njangang, 2025).

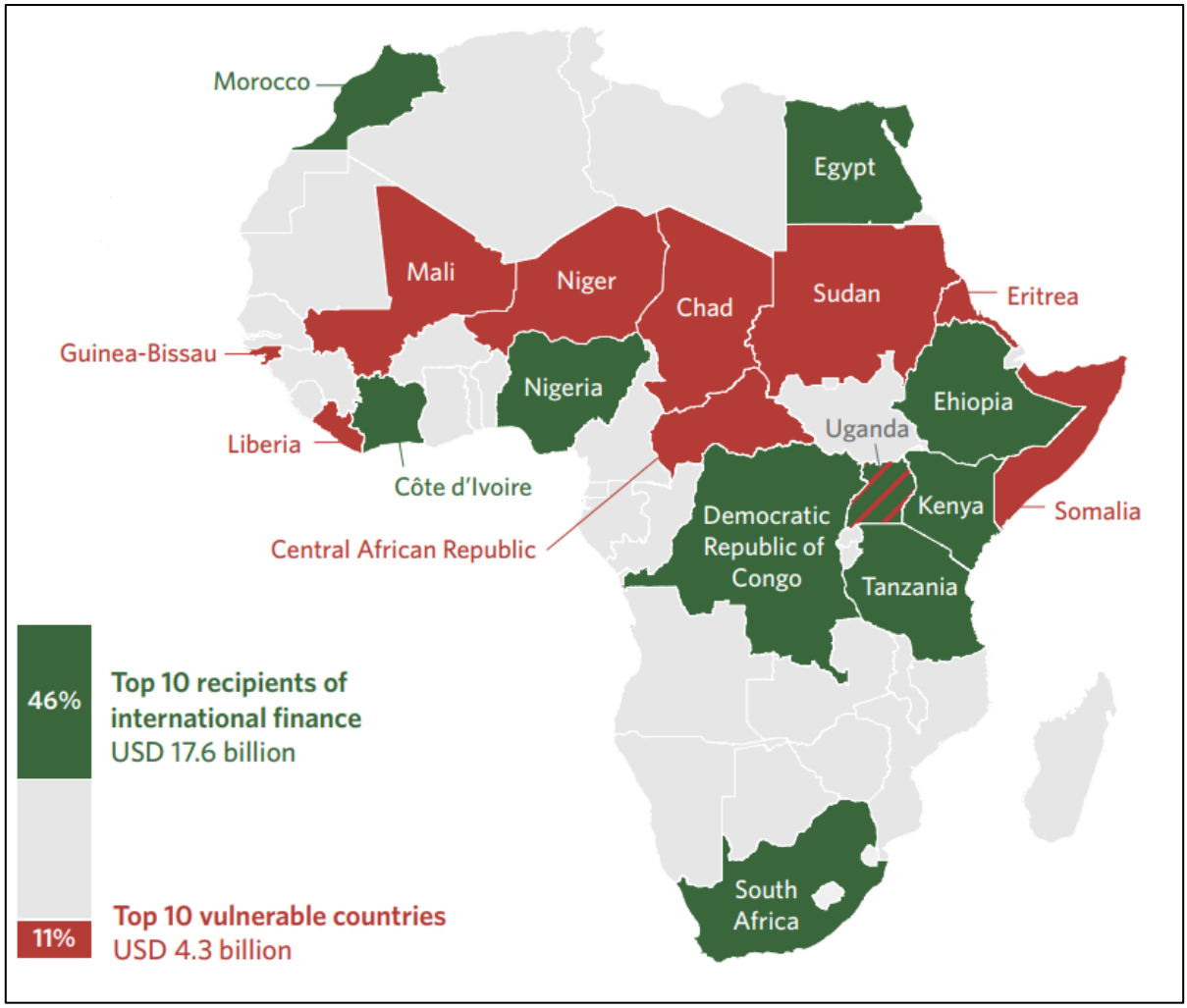


Figure 13: International Climate Finance Flows to Top 10 Recipients vs. Most Vulnerable Countries. Source: CPI, 2024

At the same time, Africa holds substantial pools of domestic capital, estimated at around USD 2.4 trillion in pension, insurance, banking and other institutional assets under management, of which only around 10% of climate finance flows are domestically sourced (CPI, 2024). This capital remains poorly connected to climate investment opportunities, constrained by regulation that often restricts pension funds and insurers to low-risk, liquid assets, thin project pipelines, and a limited range of appropriate investment instruments (UNDP, 2024; OECD, 2025). This creates some tension in the continent's financing landscape, where a shortage of climate investment coexists with a substantial pool of underutilised domestic capital that could, in principle, be mobilised for climate-compatible development.

2.1.4. Sectoral distribution

At the level of overall need, mitigation dominates Africa's NDC financing requirements. An estimated 64% of the USD 2.8 trillion needed to 2030 is directed at mitigation, against 36% for adaptation (CPI, 2022a; OECD, 2025), even though Africa contributes less than 4% of global emissions and adaptation is arguably the more pressing need for a continent this vulnerable to climate impacts (Global Carbon Budget, 2022). This is partly an artefact of NDC design, because mitigation targets are typically mandatory while adaptation targets are not, adaptation is harder

to cost and remains largely dependent on concessional finance, and NDCs can still reflect top-down national processes with limited input from the communities whose adaptation needs are being estimated (UNDP, 2024).

The mitigation-adaptation split, however, varies enormously by subregion, which matters for how each region's financing priorities should be read. West Africa (77% mitigation, 14% adaptation, 9% cross-cutting) and Southern Africa (75% mitigation, 25% adaptation) are the most mitigation-weighted. Central Africa follows at 70% mitigation, 30% adaptation. East Africa is comparatively more balanced (57% mitigation, 22% adaptation, 21% cross-cutting), while North Africa is the outlier, with mitigation and adaptation needs roughly similar (22% and 29% respectively) and the majority of costed need, 57%, falling under cross-cutting activities (CPI, 2022a). Actual flows follow a similar mitigation tilt in absolute terms, although adaptation finance briefly surpassed mitigation finance in 2019 and 2020 (UNDP, 2024), and Africa's Least Developed Countries have captured a growing share of overall flows, 54% in 2021/22 compared with 39% in 2019/20 (CPI, 2024).

By priority sector, energy has attracted the largest share of OECD-reported climate finance to Africa over 2011-2021 (approximately 24%), followed by agriculture (19%), water (11%) and transport (10%), with the remainder spread across health, ecosystems and other cross-cutting activities (OECD, 2021). Within mitigation finance specifically, energy's share is even higher, accounting for an estimated 41% of mitigation flows over 2016-2024, while adaptation finance concentrates more heavily in sectors closely tied to natural-resource dependence, chiefly agriculture, forestry and fisheries, and water supply and sanitation (OECD, 2025).

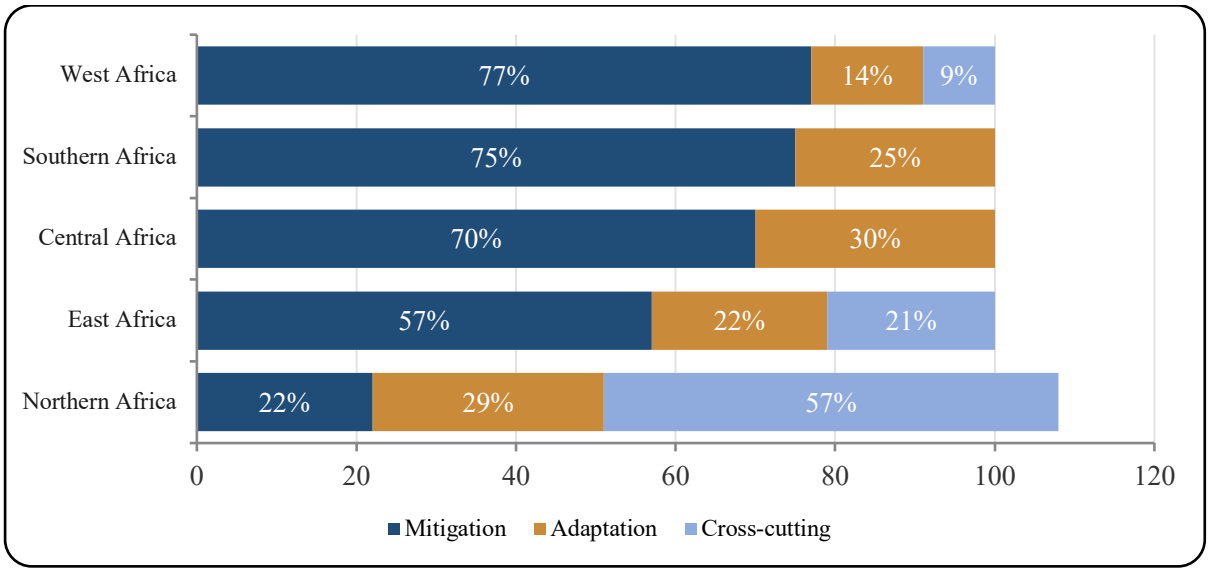


Figure 14: Mitigation, adaptation and cross-cutting shares of NDC financing needs, by subregion. Source: CPI, 2022a.. Note: Northern Africa's reported shares sum to 108% in the original source; figures are reproduced as reported rather than rescaled.

Importantly, these continental patterns are not uniform across Africa's five subregions. Section 2.2 below examines that variation, working through flows and trends, sources and access patterns, and sectoral allocation in turn.

2.2. Regional Deep Dives: Evidence from Africa's Sub-Regions

The continental patterns set out in Section 2.1 mask substantial variation across Africa's five sub-regions, as defined by the African Union: Central, Western, Eastern, Northern and Southern Africa. This section examines that variation along three dimensions: finance flows and trends,

sources and access patterns, and sectoral allocation. It draws on the same multi-source base as the continental overview in section 2.1 so that figures here are directly comparable.

2.2.1. Finance flows and trends

Africa's five sub-regions have followed markedly different growth trajectories over the past decade, even as all five expanded in absolute terms. Ranked by cumulative climate finance mobilised over 2011-2021, Eastern Africa leads (USD 43.9 billion), followed by Western Africa (USD 36.3 billion), Northern Africa (USD 34.6 billion), Southern Africa (USD 19.8 billion) and Central Africa (USD 10.8 billion), with a further USD 25.0 billion channelled through regional, multi-country programmes (OECD, 2021; UNDP, 2024). The gap between the largest and smallest sub-region is a factor of four, a wider spread than either population or NDC-costed need alone would predict.

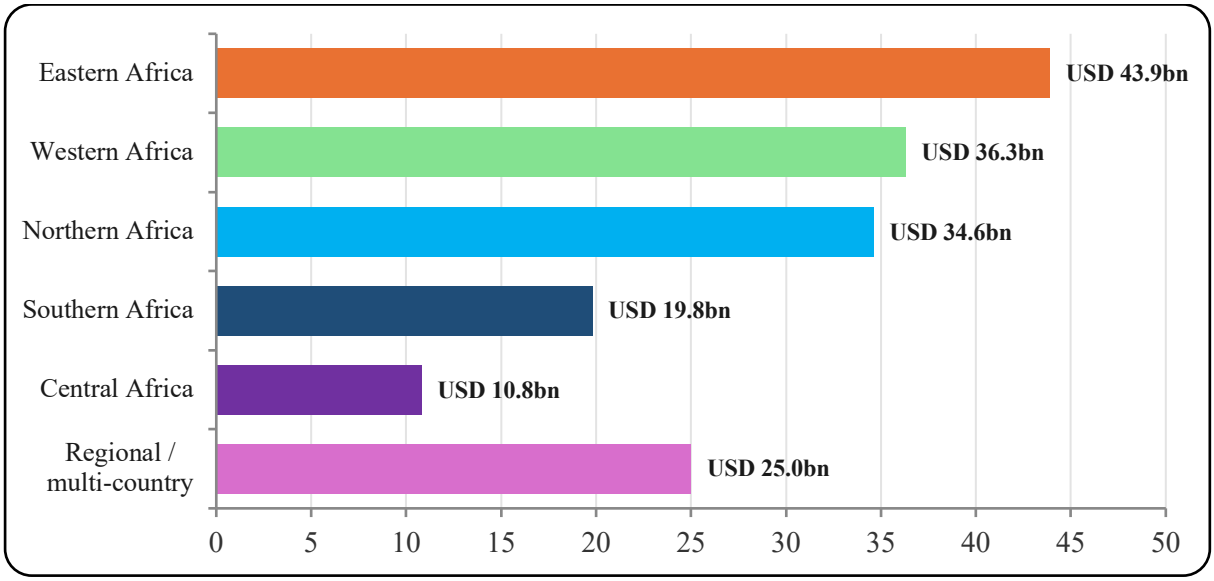


Figure 15: Cumulative climate finance mobilised by subregion, 2011-2021. Source: OECD, 2021; UNDP, 2024.

In Central Africa, cumulative flows were the lowest of any sub-region, growing from USD 244 million in 2011 to just USD 2.1 billion in 2021, an average annual increase of USD 176 million, the smallest absolute gain on the continent (OECD, 2021; UNDP, 2024). Costed NDC needs for the sub-region are the most mitigation-weighted alongside West Africa, at 70% mitigation and 30% adaptation (CPI, 2022a), a profile consistent with the sub-region's potential as a net carbon sink through its share of the Congo Basin rainforest, the world's second-largest tropical forest and a carbon store estimated to be worth more to the global climate than the Amazon per hectare. Current flows capture only part of this potential: the Central African Forest Initiative (CAFI), a donor-country partnership with six Central African states, mobilised USD 1.5 billion at COP26 for a five-year (2021-2025) commitment to forest protection, including a ten-year, USD 500 million agreement with the Democratic Republic of Congo specifically and a further USD 100 million added for results-based payments for ecosystem services, bringing CAFI's dedicated payments-for-ecosystem-services budget to roughly USD 125 million by 2025 (CAFI, 2025). Set against the scale of the Congo Basin and the sub-region's cumulative flows of USD 10.8 billion across all sectors over the same decade, CAFI is a meaningful but still small instrument, illustrating that forestry and land-use mitigation in Central Africa remains underdeveloped as an investable proposition relative to the size of the resource.

Western Africa, by contrast, recorded the fastest growth of any sub-region, from USD 535 million in 2011 to USD 7.6 billion in 2021, an average annual increase of USD 711 million, equivalent to

35% a year (UNDP, 2024). This growth has been sufficiently rapid that West Africa has progressively overtaken Eastern Africa as the leading single-year recipient of climate finance in the most recent years of the series, even though Eastern Africa remains larger in cumulative terms across the full decade. Costed needs are the most heavily mitigation-weighted of any sub-region (77% mitigation, 14% adaptation, 9% cross-cutting) (CPI, 2022a), and Nigeria's status as one of the continent's five largest national recipients (UNDP, 2024) means a large share of the sub-region's growth is concentrated in a small number of larger economies.

Eastern Africa mobilised the largest cumulative total of any sub-region, growing from USD 1.3 billion in 2011 to USD 5.9 billion in 2021, an average annual increase of USD 461 million (OECD, 2021; UNDP, 2024). Its needs profile is the most balanced on the continent, 57% mitigation, 22% adaptation and 21% cross-cutting (CPI, 2022a), and Ethiopia and Kenya both rank among Africa's five largest national recipients of climate finance (UNDP, 2024), together anchoring much of the sub-region's scale. Kenya illustrates how this scale is increasingly being organised: CPI has led the global implementation partnership for the Kenyan government's own NDC delivery vehicle, GNIplus, since 2021, a country-owned platform intended to convert the country's costed NDC into an investable pipeline rather than leaving it as an aspirational target, a model examined further as a governance approach in Section 4.

Northern Africa's cumulative flows (USD 34.6 billion) and annual growth (from USD 500 million in 2011 to USD 4.6 billion in 2021, USD 413 million a year) place it in the middle of the continental range (UNDP, 2024), but its sectoral allocation is the most distinctive on the continent. Although mitigation accounts for only 22% of the sub-region's own costed NDC needs, well below the continental pattern, Northern Africa attracted USD 23.3 billion in mitigation finance over 2011-2021, more than 36% of all mitigation finance flowing to the continent (UNDP, 2024). Utility-scale renewable energy projects such as Egypt's Benban Solar Park, a 1.8 gigawatt complex and one of the world's largest solar installations, and Morocco's Noor concentrated solar complex near Ouarzazate offer exactly the bankable, revenue-generating profile that mitigation investors favour. The sub-region's flows therefore appear to reflect project bankability rather than its stated needs profile, in which mitigation accounts for only 22% of costed needs compared with 57% for cross-cutting activities (CPI, 2022a).

Finally, Southern Africa received cumulative flows of USD 19.8 billion, with annual flows increasing from USD 640 million in 2011 to USD 2.4 billion in 2021, an average annual increase of USD 181 million a year, the slowest growth rate of any sub-region) (OECD, 2021; UNDP, 2024). These flows remain well below the sub-region's share of continental need: the sub-region accounts for 20% of NDC financing requirements to 2030, of which South Africa alone represents 91% (CPI, 2024), but only around 14% of cumulative flows. Costed needs are heavily mitigation-weighted (75% mitigation, 25% adaptation), reflecting South Africa's large-scale energy-transition requirements in particular (CPI, 2022a). South Africa's Just Energy Transition Partnership (JETP), the first and largest of its kind globally, illustrates both the scale of international commitments and the gap between pledges and delivery. International Partners Group members have pledged USD 10 billion, rising to USD 13.7 billion once other bilateral and multilateral development bank pledges are included, yet only around USD 3.8 billion had actually been allocated to projects as of the most recent 12-month review. The United States' withdrawal from the partnership in February 2025 cancelled a further USD 56 million in grant funding and up to USD 1 billion in potential commercial investment (JETP International Partners Group, 2025).

2.2.2. Sources and access patterns

Across the continent, public finance still provides 82% of tracked climate finance and multilateral DFIs alone provide 43% (CPI, 2024), but how that public dominance is composed, and how much sub-regions supplement it domestically, varies considerably. One of the more striking, and least intuitive, patterns in the data concerns domestic public resource mobilisation: African governments have collectively committed USD 264 billion of domestic public resources toward NDC implementation, around 10% of total estimated costs (CPI, 2022a), but that commitment is very unevenly spread across sub-regions, and the sub-region least able to afford it commits the largest share.

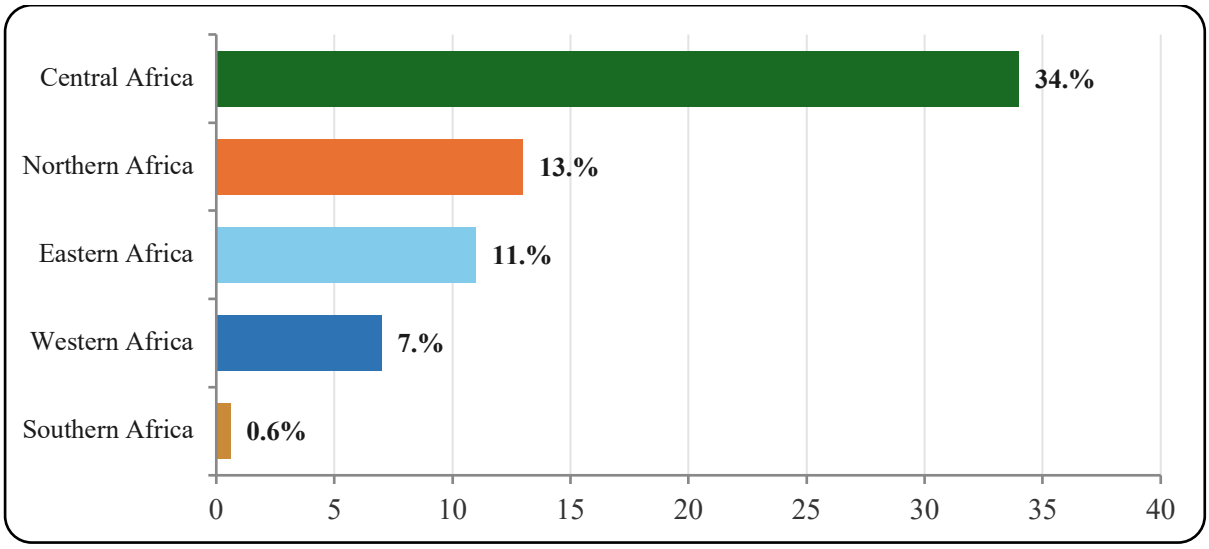


Figure 16: Domestic public resources committed as a share of subregional NDC financing needs. Source: CPI, 2022a.

In Central Africa, despite receiving the least international climate finance of any sub-region, governments have committed to mobilising domestically slightly more than a third of their own climate finance needs, the highest domestic-mobilisation share on the continent (CPI, 2022a). This represents a proportionally larger domestic commitment than in any other sub-region, although in absolute terms the great majority of financing needs remain reliant on external sources. Country-level pressure is particularly acute in the Democratic Republic of Congo, where climate finance needs are estimated at 141% of GDP. Against this, the government has pledged to allocate 10% of GDP domestically, still leaving most measures unfunded (CPI, 2022a). Multilateral and bilateral channels dominate what international finance does reach the sub-region: alongside CAFI's forestry-specific funding described above, the Bank of Central African States' Green Window initiative, examined in Section 3, represents the sub-region's main emerging regional financial mechanism, while private climate finance is negligible.

Western Africa, meanwhile, aims to mobilise around 7% of its climate finance needs domestically, the lowest share of any sub-region with disaggregated data (CPI, 2022a), leaving the sub-region reliant on the same international public channels, MDBs and bilateral donors, that dominate continentally, supplemented by a regional multilateral mechanism: the ECOWAS Bank for Investment and Development's accreditation to the Green Climate Fund gives the sub-region a collective channel for international finance that does not require every member state to secure individual accreditation. Private and bilateral engagement remains concentrated in the sub-region's larger economies, chiefly Nigeria and Ghana, which also anchor most of the flow growth described above.

Eastern Africa aims to mobilise around 11% of its climate finance needs domestically (CPI, 2022a). Within the narrower, eight-member Intergovernmental Authority on Development (IGAD) grouping, a subset of the wider AU Eastern Africa classification, international dependence is pronounced: IGAD countries received USD 23.3 billion in reported climate-related development finance over 2013-2022 against USD 417.9 billion in conditional costed needs to 2030, and financing is composed of approximately 52% grants, 41% concessional loans and 5% non-concessional loans (Oxfam, 2025). Several Eastern African countries have established dedicated climate finance units within ministries of finance, while regional bodies such as the East African Community, COMESA and IGAD provide coordination mechanisms not available in sub-regions without comparable institutions. However, the evidence gathered for this report suggests that accreditation of national institutions as Direct Access Entities has not necessarily translated into increased access to climate finance.

By contrast, Northern Africa aims to mobilise around 13% of its climate finance needs domestically, the highest share among sub-regions with disaggregated data after Central Africa (CPI, 2022a). International private and bilateral engagement is shaped by a pronounced within-sub-region divide in the cost of capital: renewable energy projects on the northern Mediterranean shore access financing at a weighted average cost of capital of 3-5%, against 12-18% on the southern shore for comparable projects (IRENA, 2023), a gap regional infrastructure initiatives such as TERAMED are explicitly designed to narrow. Egypt and Morocco's sovereign green bond issuance and multilateral-backed renewable energy programmes give the sub-region a more developed bilateral and private financing base than most of the continent.

Southern Africa aims to mobilise less than 1% of its climate finance needs domestically, around USD 7 billion against needs CPI estimates at roughly USD 1.1 trillion, 40% of the continental total, the lowest domestic-mobilisation share of any sub-region (CPI, 2022a). This is a paradox where Southern Africa, and South Africa specifically, hosts the continent's deepest domestic capital markets, yet mobilises proportionally less of that capital for climate action domestically than Central Africa, whose financial markets are far shallower. The JETP itself illustrates the sub-region's particular access pattern: finance pledged through country-platform diplomacy at head-of-state level, dominated by international partners rather than domestic or private balance sheets, and moving from pledge to disbursed project finance more slowly than the headline commitment implies. Smaller Southern African economies such as Malawi, Zambia, Zimbabwe and Mozambique face debt burdens and foreign-exchange shortages that constrain their own access even further, meaning sub-regional aggregate figures, driven overwhelmingly by South Africa, can obscure very different financing realities elsewhere in the sub-region.

2.2.3. Sectoral analysis

Comparing sectoral allocation across sub-regions surfaces a pattern that mirrors, but does not fully explain, the mitigation-adaptation imbalance described in Section 2.1: continent-wide, mitigation finance is heavily concentrated in energy (54%) and transport (17%), with agriculture, despite being Africa's leading source of emissions, receiving only 6% of mitigation finance; adaptation finance, by contrast, is concentrated in agriculture, forestry and fishing (33%) and water and sanitation (20%), with disaster risk management (9%) and social services (7%) making up most of the remainder (OECD, 2021; UNDP, 2024). In practice, this means agricultural climate action in Africa is financed mainly as adaptation rather than mitigation, even where it has real mitigation potential, a classification pattern that holds across all five sub-regions rather than varying between them.

Cross-sectoral activities, those that do not fit neatly into a single sector, add a further layer to this picture and are themselves unevenly split between adaptation and mitigation framing, in ways that have more to do with the nature of the activity than with which sub-region it takes place in. Of the USD 12.8 billion in continental cross-sectoral finance tracked for 2021/22, food

assistance (84%), disaster risk management (72%) and resilience programmes (65%) are financed overwhelmingly as adaptation, while urban development finance is split more toward mitigation (45% mitigation, 13% adaptation, 42% dual-benefit) and biodiversity, land and marine conservation finance, the category CAFI's forestry work in Central Africa sits within, is dominated by dual-benefit framing (60%, against 16% adaptation and 24% mitigation) (CPI, 2024).

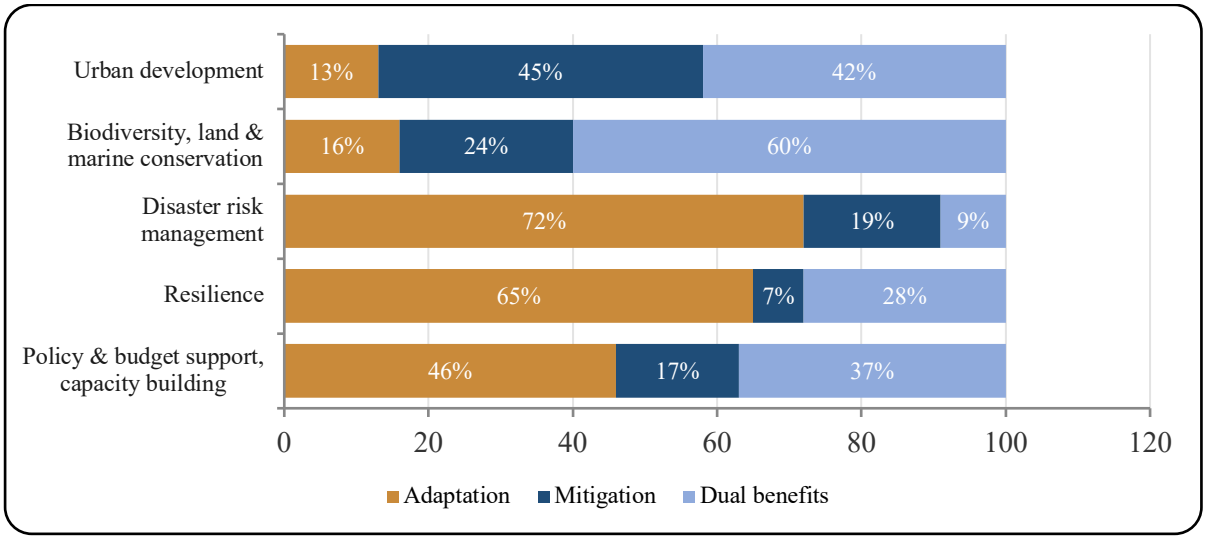


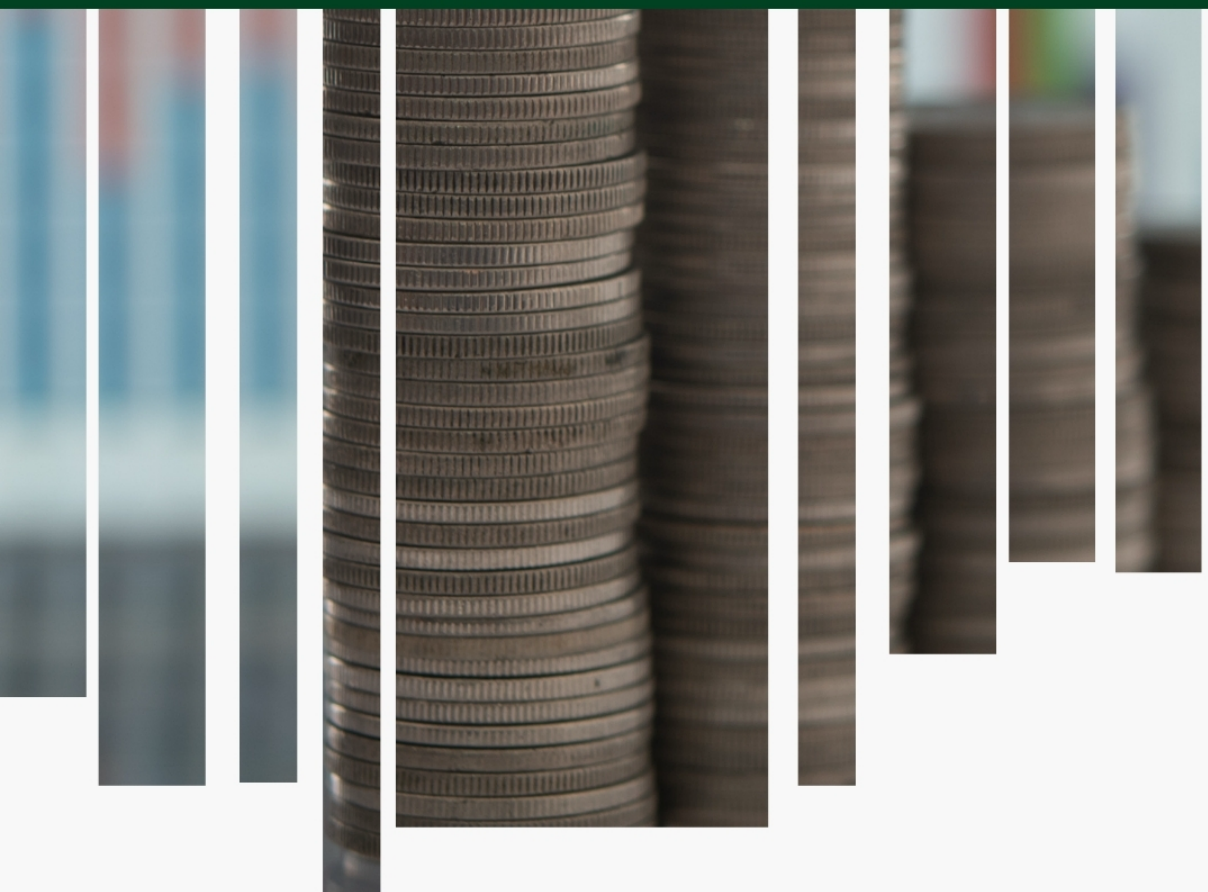
Figure 17: Selected cross-sectoral activities, share of finance by climate objective, Africa, 2021/22. Source: CPI, 2024.

This distribution is a continental average rather than a sub-regional breakdown, but it reinforces the same underlying point: how a given activity is classified, as mitigation, adaptation or dual-benefit, often has more to do with financing convention than with the activity's actual climate function, a distinction that matters when comparing sub-regions whose stated need profiles use the same three categories. Where sub-regions diverge is in how far their sectoral flows track their own stated needs. Northern Africa is the clearest case: despite mitigation representing only 22% of the sub-region's own costed NDC needs, it absorbs more than a third of all mitigation finance flowing to the continent, reflecting the bankability of utility-scale solar and wind projects in Egypt and Morocco rather than the sub-region's own needs profile (OECD, 2021; UNDP, 2024; CPI, 2022a).

Central Africa sits at the opposite extreme. Its stated needs are almost as mitigation-weighted as West Africa's (70%), and the Congo Basin's extensive forest cover gives the sub-region substantial mitigation potential, as reflected in dedicated financing through CAFI. Yet its climate finance flows remain the smallest of any sub-region in absolute terms, suggesting that its land-use and forestry mitigation potential remains comparatively underdeveloped as an investable proposition despite its scale. West and Southern Africa show the closest alignment between stated need and sectoral allocation. Both are heavily mitigation-weighted in stated need (77% and 75% respectively) and anchored by a large, energy-transition-focused economy - Nigeria and South Africa respectively - while their flagship financing mechanisms, the ECOWAS–BOAD channel and the JETP, are themselves mitigation-focused. Eastern Africa's more balanced need profile (57% mitigation, 22% adaptation, 21% cross-cutting) is reflected in a correspondingly more even sectoral spread than the continental average.

Taken together, these patterns suggest that sectoral allocation across Africa does not necessarily reflect each sub-region's stated needs. It is also shaped by the bankability of available projects and the flagship financing mechanisms that anchor each sub-region. Sections 3 and 4 examine this dynamic further, drawing on practitioner perspectives.

3.SUB-REGIONAL REALITIES OF CLIMATE FINANCE INTERVENTIONS



Introduction

Se ection 2 established the scale and shape of Africa's climate finance problem, including how much finance is flowing, from which sources, into which sectors, and how that measures up against the continent's own assessed needs. It could not, on its own, explain why finance moves the way it does, or what would need to change for it to move differently. Section 3 addresses that gap directly. Between November 2025 and July 2026, ARIN convened multi-stakeholder dialogues across East, West, Southern and North Africa, bringing together government officials, climate finance practitioners, development partners, civil society and academia to surface region-specific barriers and opportunities. Evidence from Central Africa was drawn from regional institutions and the case studies examined below. Where Section 2 shows what the numbers look like, Section 3 shows what practitioners and communities across the continent say is driving them.

The remaining parts of this report are organised around five thematic pillars that structured both the case studies and dialogues. These are: (a) democratising and decentralising climate finance; (b) strengthening private sector participation in climate finance; (c) capacity building for climate finance mobilisation and implementation; (d) regional enablers of climate financing; and (e) reforming the climate finance architecture for equity, accountability, and impact. For each theme, Section 3 presents the regional findings, organised around a set of analytical questions. Not every region is covered under every question; regions are included only where dialogue evidence on that specific issue was substantive. These regional findings draw primarily on the dialogues, while case studies relevant to each theme are presented as boxed illustrations. The cases provide more detailed evidence of how particular approaches are being implemented in practice and are used to illustrate and deepen specific findings.

3.1. Decentralising and Democratising Climate Finance

Decentralising and democratising climate finance concerns both bringing financial resources and decision-making closer to frontline communities and increasing the participation of actors who are often excluded from climate-finance decisions. We do not view this shift as an act of localised charity, but as a binding legal obligation to rectify systemic inequalities where the most vulnerable populations carry the heaviest climate burdens yet have the least say in adaptation deployment (International Court of Justice [ICJ], 2025). This theme examines two related questions: (1) how financial flows can be localised and decentralised to empower frontline communities; and (2) what partnership models can ensure the inclusion of marginalised groups, including women, youth and Indigenous peoples, in climate financing and delivery.

The findings below draw on the convenings conducted in East, West, Southern and North Africa. The case studies below, Kenya's Financing Locally Led Climate Action (FLLoCA) programme and Malawi's Championing Local Adaptation for Productive Ecosystems and Enhanced Resilience (CLAP for Resilience) project" provide more detailed evidence of how particular approaches are being implemented in practice.

Box 1: Championing Local Adaptation for Productive Ecosystems and Enhanced Resilience in Malawi (CLAP for Resilience): CLAP for Resilience is a six-year (2025-2031) US$64.3 million climate adaptation programme in Bua River Basin in Central Region, Malawi. This is funded by a US$8,932,420 grant from the Global Environment Facility Least Developed Countries Fund (GEF-LDCF) co-financed by the Government of Malawi and the United Nations Development Programme (UNDP) (UNDP Climate Change Adaptation, 2025). It is implemented by the Environmental Affairs Department (EAD) of the Ministry of Natural Resources and Climate Change (MNRE), with technical support from UNDP. The project benefits a total of 105,000

people (56% women) in 28 vulnerable rural communities in Mchinji, Kasungu and Nkhotakota Districts.

Box 2: The Financing Locally Led Climate Action (FLLoCA) Programme: FLLoCA is a USD 295 million World Bank-funded initiative run by the Climate Finance Unit in the National Treasury of Kenya. It is one of Africa's most decentralised climate finance models, operating through Kenya's devolved county governments to strengthen county and community capacity to plan and implement climate-resilient development initiatives (Olonde et al., 2025). The County Climate Change Fund mechanism enables counties to receive, manage, and deploy climate finance based on community-defined priorities (Medina et al., 2025).

3.1.1. How financial flows can be localised and decentralised to empower frontline communities

a) East Africa

A key theme from the East African convening was the need to localise climate finance and place communities at the centre of financing mechanisms. Participants noted that current financing systems often channel resources through complex national and international processes, creating bureaucratic barriers and limiting direct access for local actors. Decentralised financing models that engage cooperatives, SACCOs, community organisations and local financial institutions were therefore emphasised as a means of better aligning financing with local adaptation needs (ARIN Regional Convening, Eastern Africa, November 2025).

The dialogue also highlighted a misalignment between global design and local reality. Adaptation needs, for example, were noted to vary between highland and lowland communities, arid and semi-arid regions, and coastal and inland geographies, yet fund design is often centralised and standardised with limited local input. Participants also observed that climate-finance discussions remain dominated by global-level negotiations, with minimal grassroots input.

Several approaches were proposed to address these barriers. These included exploring alternative channels through private-sector actors and financial institutions working directly with communities, moving beyond project-based funding models towards country-level allocation envelopes, strengthening national climate funds, and decentralising resources to sub-national governments and civil-society organisations. Decentralised allocation to lower administrative levels e.g counties or districts and CSOs was seen as a way of reducing transaction costs, shortening funding delivery channels and improving equity in access for local actors.

Community awareness and trust were also identified as important. Participants cautioned that climate finance remains poorly understood at grassroots level and that, without unpacking terminology and building awareness, communities may perceive financing mechanisms as threatening rather than empowering. The dialogue therefore emphasised climate finance that is contextualised, decentralised and channelled through mechanisms that meaningfully incorporate community voice and reduce bureaucratic friction.

The FLLoCA programme in Kenya provides a practical illustration of how localisation can be embedded within existing governance structures rather than delivered through parallel systems. FLLoCA operates through Kenya’s devolved county governments, while the County Climate Change Fund mechanism enables counties to receive, manage and deploy climate finance based on community-defined priorities (Olonde et al., 2025). Community-led adaptation committees directly access funds for locally prioritised and designed adaptation projects (Medina et al., 2025). The case also illustrates a multi-level governance structure, with finance flowing from the national level to county governments and subsequently to community-led adaptation committees through the County Climate Change Fund mechanism. This connects

national, sub-national and community institutions within the financing and delivery process. A further feature of FLLoCA is that climate-finance functions are embedded within ongoing county-government operations (Climate Finance Kenya, 2025). The capacity and institutional arrangements established through the programme are therefore intended to continue functioning beyond the period of external programme financing.

b) West Africa

The West African convening similarly emphasised the importance of localising and decentralising climate finance to ensure that funds reach communities most affected by climate change. Participants recommended strengthening existing local governance structures, building technical capacity at community and institutional levels, and adopting innovative financing mechanisms such as direct-access funding, blended finance and performance-based funding. They also recommended empowering frontline communities, particularly vulnerable groups, to define priorities, allocate resources and ensure accountability, supported by civil-society oversight and participatory planning (ARIN Regional Convening, Western Africa, December 2025).

The dialogue identified centralised budget processes and complex access procedures for external funding as constraints on direct engagement by local governments and communities. Multi-stakeholder partnerships were seen as a means of addressing this by embedding climate finance within existing public-finance systems and devolving oversight and decision-making authority closer to beneficiaries. Partnerships bringing together national governments, local authorities, private-sector actors, development partners and civil society were considered particularly important where they clarify roles and responsibilities, streamline funding channels and integrate climate objectives into planning and budgeting at sub-national levels. Examples of such partnership arrangements discussed during the convening included agroforestry value chains in Nigeria, Benin and Ghana, where partnerships between local communities, private actors and NGOs have been used to mobilise climate finance while generating livelihood and other co-benefits. Public-private collaborations in Ghana, including reforestation projects led by the Forestry Commission and clean-energy initiatives coordinated by the Energy Commission, were also discussed as pathways for engaging businesses, NGOs and financial institutions.

The dialogue also emphasised strengthening local budgetary and planning institutions so that climate-risk considerations become part of routine development processes rather than isolated project streams. Public financial management was also prominent in the discussion. Participants described it as the 'engine room' for mobilising climate finance effectively, highlighting climate budget tagging, multi-year planning, programme-based budgeting and robust project-appraisal frameworks. Climate budget tagging was specifically identified as a way of making the sources, allocations, expenditures, beneficiaries and outcomes of climate finance more visible.

c) Southern Africa

The Southern African dialogue identified a substantial gap between climate-finance planning and on-the-ground needs. Participants observed that much of the money intended to support communities affected by climate change does not reach them but remains at national or regional levels, controlled by central governments, institutions or external donors. Projects are also designed far from local communities and funds allocated on the basis of proposals rather than actual local needs (ARIN Regional Convening, Southern Africa, November 2025).

The dialogue therefore emphasised the need to ensure that finance reaches the 'last mile', meaning the communities that experience climate impacts directly. Local actors, community-

based organisations and small institutions should be empowered to manage resources, make decisions and implement projects. When funds are decentralised, communities can choose solutions that meet their needs, including flood protection, climate-smart agriculture and renewable energy.

Fragmentation was another concern. Funds often come from different donors, ministries and institutions, making coherent planning and implementation difficult. Participants also noted that some ministries treat climate finance as an environmental issue while others treat it as a development issue, creating overlaps and inefficiencies.

The dialogue proposed multi-level financing, in which resources flow from global or regional institutions to national and then community levels. At the regional level, this could include mechanisms through which finance flows from a Regional Economic Community (REC) to national and subsequently local levels. Community involvement was considered necessary in both design and decision-making.

Accessibility was also identified as a problem. While some large projects receive international support, smaller projects driven by local needs often struggle to access funds. Requirements for fiduciary standards, environmental and social safeguards and formal accreditation can create barriers for local actors that lack the capacity to meet them. Participants consequently called for more inclusive and flexible funding mechanisms, simplified processes, technical assistance and capacity building. Country-level illustrations included Zambia, where climate-smart agriculture programmes have provided funding through cooperatives and community groups, although individual farmers outside these organisations may remain excluded. In Lesotho, villagers have participated in planning and maintaining small-scale dams and water-storage systems, giving communities responsibility for maintenance and decision-making.

The Championing Local Adaptation for Productive Ecosystems and Enhanced Resilience (CLAP for Resilience) project in Malawi provides a more detailed case of institutional embedding. Rather than creating parallel delivery systems, CLAP assigns District Project Coordinators and Finance and Administration Assistants to District Councils in Mchinji, Kasungu and Nkhotakota, positioning them within existing local-government administrative structures (EAD & UNDP, 2025). The intention is for financial-management capacity and community relationships developed during implementation to become embedded within local government rather than disappearing when the project ends. CLAP also illustrates a multi-level governance and partnership structure. National implementation takes place through the Environmental Affairs Department, district-level implementation is supported by project staff embedded in district councils, and community-level engagement occurs across 28 vulnerable rural communities.

A further feature of CLAP's approach to localising climate finance is its attempt to establish a durable post-project finance mechanism. Component 3 establishes a Private Sector Engagement Facility within UNDP's Growth Accelerator Platform and provides technical support for its integration into the Malawi National Climate Change Fund (UNDP Climate Change Adaptation, 2025). The facility is intended to continue channelling private investment towards community adaptation needs beyond CLAP's completion in 2031.

d) North Africa

The North African convening emphasised that finance localisation becomes possible when municipalities and governorates formally identify annual climate needs, creating clear demand signals for donors and development partners. Participants nevertheless noted that most countries remain highly centralised in budget allocation, requiring additional measures to improve community access to funds. Governments were encouraged to incorporate needs

identified by lower levels of administration into national budget allocations, helping to ensure that financing responds to priorities identified at the grassroots level. Participants argued that such budgetary transparency would help identify genuine needs at grassroots level and direct development partners towards decentralised funding. The dialogue also emphasised channelling funds through national-level intermediaries rather than central ministries, where accredited NGOs, UN agencies or national funds can disburse resources directly to local actors instead of routing everything through line ministries (ARIN Regional Convening, Northern Africa, December 2025).

The GEF Small Grants Programme was highlighted as an example of an approach that enables finance to reach local actors more directly. Its funding criteria require actors seeking funding to come from the same geographical locality, while its decision-making system involves civil-society representatives. The dialogue described the programme as successful in reaching smaller green projects, although its grant size is limited to around USD 100,000.

Participants further called for innovative pools of funds with shorter disbursement timelines that allow direct access without requiring multiple levels of approval. Multi-year approval cycles were identified as discouraging sub-national and community actors from applying, while small, flexible grants were considered better suited to localised impacts such as heat waves, water stress and health risks that may not be appropriate for large loan-based instruments. Tunisia, Egypt and Morocco were identified as countries exploring national funds dedicated to civil society. Participants also proposed sharing exchange-rate risk between local financial institutions, hedging providers and donors, so that the cost of local-currency lending to local initiatives does not become prohibitive.

The dialogue also proposed ‘performance-light financing’ for local communities. This would reduce heavy reporting, complex indicators and results frameworks that exceed local administrative capacity. Specific proposals included reducing documentation burdens, accepting non-English submissions, allowing oral or facilitated proposals, and prioritising field verification rather than complex reporting.

3.1.2. Partnership models for the inclusion of marginalised groups in climate financing and delivery

a) East Africa

The East African dialogue made a clear distinction between the financing needs of actors in the formal and informal sectors. Formal actors included registered businesses and large projects, while informal actors included smallholder farmers, women's groups and SACCO members (ARIN Regional Convening, Eastern Africa, November 2025).

For formal enterprises, participants identified blended finance, partial credit guarantees, catalytic capital, and green and sustainability bonds. They also emphasised integrating a gender lens into investments so that women and youth have access to finance. For informal actors, proposed models included microfinance and group lending, SACCO-based financing, social collateral replacing physical collateral, and digital financial services such as mobile money. Technical assistance and financial literacy were also considered important because climate finance needs to adapt to the realities of small-ticket loans and informal governance systems. The dialogue also highlighted a data problem. Financial institutions do not consistently differentiate conventional loans from climate finance. Without clear coding and tracking mechanisms, it is difficult to measure climate-finance flows at grassroots level or establish whether resources are actually being used for climate activities.

The FLLoCA case illustrates an approach to inclusion that operates through county governments and community-led adaptation committees, creating institutional spaces in which women, youth and marginalised groups can participate in decision-making. However, the case also shows that the existence of participatory structures does not necessarily ensure meaningful participation. Power dynamics, fear of losing future benefits and weak feedback mechanisms can discourage open dialogue, while the absence of baseline satisfaction indicators makes it difficult to assess whether interventions are improving resilience in ways that matter to beneficiaries.

b) West Africa

The West African dialogue emphasised that frontline communities, particularly vulnerable groups, should be empowered to define priorities, allocate resources and ensure accountability, supported by civil-society oversight and participatory planning (ARIN Regional Convening, Western Africa, December 2025).

Partnership models identified in the dialogue included value-chain initiatives that deliberately involve women, youth, Indigenous peoples and other marginalised constituencies. Agroforestry and related value chains were highlighted as mechanisms for combining sustainable practices and socio-economic benefits while expanding participation in climate governance.

Community-based natural-resource management and localised conservation initiatives were also identified as models for channelling resources to frontline actors managing ecosystem services. These arrangements emphasise direct engagement in priority-setting, resource allocation and accountability, supported by civil-society and grassroots organisations representing community interests.

The dialogue also connected inclusion with public financial management. Integrating climate finance with gender-responsive budgeting and vulnerability-based allocation was identified as a way of strengthening equity, while publishing financial information and engaging civil society could strengthen accountability.

c) Southern Africa

The South African dialogue emphasised that women, youth and marginalised groups are among those most vulnerable to climate impacts but are often excluded from decision-making. Participants therefore called for finance that prioritises their needs and supports their participation (ARIN Regional Convening, Southern Africa, November 2025).

Community involvement was framed as participation in project design, implementation and monitoring, rather than only as beneficiaries of projects. The dialogue also highlighted local knowledge and traditional practices, recognising that farmers, water managers and local leaders possess knowledge of sustainable solutions that external experts may overlook. Opportunities were therefore identified for combining local expertise, Indigenous practices and traditional coping strategies with modern technology and climate finance.

The CLAP case provides a more specific example of how inclusion can be built into programme structures. Rather than treating women's participation as an aspirational objective, CLAP requires women's involvement in community decision-making on natural resources in all 28 participating communities (EAD & UNDP, 2025). Component 3 similarly requires women-owned and operated businesses to be included in formal partnerships between private-sector actors and communities under the Private Sector Engagement Facility (UNDP Climate Change Adaptation, 2025). CLAP also explicitly incorporates traditional and Indigenous knowledge alongside modern science on climate-smart agriculture within Component 2, providing a

mechanism for local knowledge to inform project implementation rather than being treated separately from technical knowledge. A further feature of CLAP is the connection between participation and transparency. CLAP's Component 4 links community monitoring to national climate-finance tracking, with expenditure and outcome data entered into Malawi's Climate Change Finance Management Information System and subsequently made available through the public Climate Finance Dashboard (EAD & UNDP, 2025; OGP, 2025).

d) North Africa

The North African dialogue stated that the inclusion of women, youth and indigenous groups requires structures that bypass traditional technical and administrative barriers. A practical constraint identified was that local communities may lack the capacity to prepare sophisticated proposals or submit reports in English. Participants therefore proposed relying on community-level entry points, including health units, municipalities, cooperatives, farmer cooperatives and water-user associations, as access points for climate finance, particularly for adaptation and resilience projects. Local NGOs were also identified as potential intermediaries that can handle compliance and paperwork while helping resources reach households, women's groups, farmers, fishers and other community actors (ARIN Regional Convening, Northern Africa, December 2025).

Participants further emphasised that inclusion needs to occur from the beginning of project development. Communities should participate in shaping project objectives and activities rather than being consulted only after financing decisions and project designs have already been determined. The GEF Small Grants Programme provides an illustration of this approach through its focus on locally based applicants and an independent decision-making system involving civil-society representatives.

3.2. Strengthening Private Sector Participation in Climate Finance

Climate under-investment in Africa is driven by several compounding factors. African small and medium-sized enterprises, which are the backbone of most African economies, face high barriers to finance due to perceived credit risk, limited collateral, and often informal operations (Business a.m., 2026). Fifty per cent of SMEs in Africa are credit constrained, while 84% are required to provide collateral averaging more than 150% of the loan value (UNDP, 2026). Many climate-focused MSMEs lack audited financial statements, formal governance structures, and standardised reporting, not through poor management but because the financial system has not been designed to recognise their value. This theme examines what factors limit private-sector involvement in climate and NDC financing and how they can be addressed; what lessons can be drawn from successful and partially successful cases of private-sector participation; and what innovative financing models can be scaled to unlock greater flows of private capital.

In this theme, we also draw primarily on the convenings held in the subregions as well as case studies, particularly the European Bank for Reconstruction and Development's Green Economy Financing Facility (GEFF) in North Africa, the Cape Town Water Outcomes-Based Bond in South Africa, and Uganda's clean cooking transition.

Box: The EBRD Green Economy Financing Facility (GEFF) in North Africa: GEFF is an integrated financing mechanism established by the European Bank for Reconstruction and Development (EBRD) in 2016, combining credit lines to local partner financial institutions with technical assistance, technology verification, and capacity building (EBRD, 2018). Globally, GEFF has channelled EUR 6.3 billion in EBRD financing through 191 participating financial institutions across 29 countries, supporting more than 231,000 green investments and avoiding over 10 million tonnes of CO2 emissions annually (GEFF, 2026). In North Africa, the facility evolved from pilot Sustainable Energy Financing Facilities (SEFF) facilities in Egypt and Morocco into full GEFF

programmes and, from 2025, GEFF+ expanded in both Morocco and Tunisia, blending concessional co-financing from the Green Climate Fund with grant support from the European Union, Austria, Luxembourg, Japan, the Republic of Korea, and Canada (EBRD, 2025).

Box: The Cape Town Water Outcomes-Based Bond: Issued in response to Cape Town's 2015-2018 'Day Zero' drought crisis, the Cape Town Water Outcomes-Based Bond is a R2.5 billion commercial bond issued by Rand Merchant Bank to finance the clearing of invasive alien plants across the upper catchments of the Western Cape Water Supply System (FSD Africa, 2026). The bond is supported by a guaranteed investment from the International Finance Corporation and outcomes-based co-funding of R50 million each from the FirstRand Foundation and the Development Bank of Southern Africa, with returns paid only once independent verifiers confirm water-yield outcomes. To date, over 40,000 of the required 55,000 hectares of catchment have been cleared, restoring approximately 36 million cubic litres of water per year, creating around 1,500 green jobs, and crowding in institutional investors including Ashburton Investments, the Eskom Pension Fund, Sanlam Life, and Aluwani Capital Partners (FSD Africa, 2026; Johannesburg Stock Exchange, 2026).

Box: Uganda's Clean Cooking Transition: Guided by Uganda's National Integrated Clean Cooking Strategy (NICCS), which targets clean or transitional cooking fuels and appliances for all Ugandans by 2040, Uganda's clean cooking sector combines public, private, and development-partner financing to address supply- and demand-side market failures (MEMD, 2025). Key mechanisms include the Uganda Energy Credit Capitalisation Company's (UECCC) results-based financing, which links disbursements to verified technology sales or consumer adoption; the Clean Cooking Trust Fund, which provides short-term concessional financing to enterprises; the Electricity Access Scale-Up Project, which offers working capital and end-user financing; and the Higher Tier Cooking Component, which subsidises SMEs to procure and sell high-efficiency, low-emission cookstoves (UECCC, 2023; MEMD, 2025).

3.2.1. What factors limit private sector involvement in climate and NDC financing, and how can they be addressed?

a) East Africa

Across the two East African private-sector convenings, participants converged on a the idea that Africa's climate finance challenge extends beyond the availability of resources to the systems through which finance is accessed, governed and deployed (ARIN Regional Convening, Eastern Africa, May 2026). A recurring structural constraint was sovereign credit risk. A participant from Convergence Finance, drawing on the organisation's tracking of nearly 1,500 blended finance transactions globally worth an estimated USD 260 billion, reported that approximately 274 of these transactions, worth a combined USD 33 billion, have been implemented in East Africa across Kenya, Uganda, Tanzania, Somalia, the Democratic Republic of Congo, Rwanda, Burundi and Ethiopia. These investments concentrate in energy, agriculture, financial services and infrastructure, sectors the participant described as 'near-bankable'. The participant linked this pattern to sovereign credit risk, noting that no East African country currently holds an investment-grade credit rating. This restricts institutional investors bound by fiduciary mandates regardless of individual project quality (ARIN Regional Convening, Eastern Africa, November 2025).

A participant from Kenya offered an important corrective to conventional de-risking discourse, cautioning that it focuses too narrowly on financial instruments. Drawing on his experience implementing renewable energy, recycling and water-management initiatives, he argued that equal attention should be given to operational risks, including weak procurement and project-access systems, political and institutional bottlenecks, and the underutilisation of assets, equipment and technical capacity that already exist but remain disconnected from climate investment opportunities. In his view, the solution to many climate finance challenges may not

be creating new capacity, but effectively coordinating capacity that already exists (ARIN Regional Convening, Eastern Africa, May 2026).

Another participant from Centenary Bank in Uganda illustrated a related constraint at the level of individual financial institutions. Drawing on Centenary Bank's early renewable-energy financing initiatives, delivered through subsidy schemes supported by government and development partners, he explained that the programme initially struggled not for lack of capital but because financial institutions lacked technical capacity while the market lacked reliable technology providers, installation companies and maintenance services, demonstrating that ecosystem development and financial product design must proceed together. He further stressed that private-sector participation depends on affordable, long-term capital and risk-sharing mechanisms, since many renewable-energy and energy-efficiency investments require repayment periods exceeding the funding horizons typically available to commercial banks (ARIN Regional Convening, Eastern Africa, May 2026). Uganda's clean cooking sector illustrates the enterprise-level version of this constraint in more granular detail. Evidence shows that improved cookstove enterprises face limited access to credit, high collateral requirements, weak creditworthiness, informality, limited bookkeeping and low familiarity among financial institutions with the sector (Lietaer et al., 2019; Wasswa et al., 2025; Bamwesigye et al., 2020). ESMAP (2020) and SEforALL (2024) argue that addressing these constraints require clean cooking to be prioritised and integrated into national energy planning and financing rather than treated as a peripheral, 'orphan' sector. At the enterprise level, Stevens et al. (2020) emphasize the need to combine finance with business development support, quality assurance and reliable supply chains.

b) West Africa

Ghana's experience, presented by a participant from Ghana's Ministry of Finance, illustrated how political economy and institutional fragmentation shape private climate investment even in a country with a relatively advanced climate finance framework. Ghana's NDCs require between USD 9.3 billion and USD 15.5 billion for implementation, yet only a small proportion of this has been mobilised, a gap attributed to overlapping mandates among ministries, local governments and implementing agencies, unclear land tenure systems, weak project preparation, long project payback periods, currency volatility, limited domestic financial markets and an overreliance on debt financing (ARIN Regional Convening, Western Africa, May 2026).

Another participant from the UNFCCC's Regional Collaboration Centre for West and Central Africa noted that recently submitted NDCs across West and Central Africa collectively require an estimated USD 480 billion in implementation financing, and identified two principal barriers to private-sector participation. The first is limited investor confidence, since private investors require reliable climate data, credible emissions inventories and robust monitoring, reporting and verification systems before committing capital. The second is the timing of engagement, since in many countries businesses are brought in only after climate projects have already been designed and financed, foreclosing opportunities for private firms to shape project design or prepare investment strategies. He argued that private-sector actors should instead participate throughout the entire NDC cycle, from policy formulation and investment planning through to implementation and monitoring (ARIN Regional Convening, Western Africa, May 2026).

c) Southern Africa

The Southern African convening, grounded primarily in Malawian evidence with comparative reference to Kenya and South Africa, produced the most granular barrier mapping of the four regions, organising constraints into eight categories: (a) macroeconomic and currency risk, (b) policy and regulatory uncertainty, (c) limited bankable project pipelines, (d) limited access to

international and domestic climate finance, (e) low transparency in climate finance management, (f) weak institutional readiness and coordination, (g) weak technical capacity in carbon accounting and MRV, and (h) limited community trust and inclusion (ARIN Regional Convening, Southern Africa, May 2026). Malawi's debt-to-GDP ratio of approximately 90% and chronic foreign exchange shortages were cited as making it very difficult for investors to price risk reliably, while overlapping mandates across the Ministry of Natural Resources and Climate Change, the Environmental Affairs Department, the National Steering Committee on Climate Change and the Mitigation Expert Working Group were identified as a specific source of delay and lost investor confidence. Presenters also noted that private-sector engagement with climate action remains fragmented, with many companies still perceiving it as a corporate social responsibility activity rather than a commercial opportunity in energy, agriculture, water and climate services, compounded in places by political instability and inconsistent post-election enforcement of climate-related policy.

The Restore Africa carbon sequestration project in Malawi's Machinga District, presented by the Forestry Officer at Machinga District Council and RESTORE Africa Desk Officer, offered the convening's most detailed empirical illustration of these constraints in practice. Certified by the Gold Standard and purchased by the private climate asset manager Climate Asset Management, the project encourages afforestation and assisted natural regeneration across qualifying land, with permanence requirements of 30 years and revenues structured on a five-year payment cycle running until 2055. Despite being structurally sound and internationally certified, with clear safeguards including a toll-free grievance hotline and voluntary participation, the project has seen attrition among low-income households who cannot access bridging income between five-year disbursements, underscoring that affordable, bankable design must also be timed to match household cash-flow needs, not only priced to match investor risk appetite.

d) North Africa

The North African convening, drawing on the Sahara and Sahel Observatory and the Policy Center for the New South, organised barriers into three categories: (a) institutional, (b) technical and (c) financing-structure. Institutionally, governance of climate finance remains fragmented. Climate finance units, inter-ministerial coordination bodies and project preparation frameworks are poorly developed in most countries, even where NDCs have been formally submitted. Additionally, unpredictable regulation, unclear land ownership and weak enforcement of environmental and social standards add political risk premiums that make North African investments less attractive than comparable opportunities elsewhere. Technically, low capacity in monitoring, reporting and verification limits countries' ability to attract results-based financing or demonstrate impact to investors, while information gaps on project pipelines, local regulations and climate risk, and the absence of a unified climate finance taxonomy, further deter private capital and raise due-diligence costs (ARIN Regional Convening, Northern Africa, June 2026).

On financing structure, participants noted that the long-term duration of climate infrastructure investment, particularly for adaptation and resilience, does not match the shorter investment horizons preferred by much private capital, while exchange-rate volatility, government debt levels and inflationary pressure widen the gap between what concessional public sources can offer and what private financiers require. The underdevelopment of domestic capital markets across much of North Africa compounds this, constraining long-term local-currency financing and increasing reliance on external funding that is more exposed to global risk sentiment. The GEFF case study demonstrates how these enterprise- and market-level barriers can be systematically addressed. Prior to GEFF, local banks in North Africa generally lacked the technical capacity to appraise green technologies, price associated risks accurately, or design loan products suited to long payback periods (Zgheib, 2025), while SMEs faced high upfront

capital costs relative to their balance sheets and weak access to project preparation support. GEFF addresses these constraints through an integrated model that combines financing with technical assistance, technology verification and capacity building, creating a one-stop-shop for green investment (EBRD, 2018). This experience aligns with the broader literature on green finance market failure in emerging economies, in which risk premia, weak institutional frameworks and the absence of a recognised technical eligibility standard combine to raise the effective cost of capital for green investment well above that for conventional lending (Campiglio, 2016; Dikau & Volz, 2021; Campiglio et al., 2018).

3.2.2. What lessons can be drawn from successful cases of private sector participation in climate-related projects?

a) East Africa

A participant who is a Director at SouthSouthNorth and Ethiopia Country Engagement Lead for the Climate and Development Knowledge Network, shared insights from the Mobilising Investment for NDC Implementation programme, a five-year initiative implemented between 2017 and 2022 across seven climate-vulnerable countries including Kenya and Ethiopia. A central lesson was that climate investment opportunities must be tailored to country and sector context rather than replicated uniformly. Kenya focused on replacing charcoal and kerosene with ethanol-based cooking, Ethiopia prioritised off-grid and mini-grid energy linked to agricultural development, Bangladesh focused on solar-powered irrigation and transport, and Peru concentrated on waste management and waste-to-energy. In Ethiopia, the programme used geographic information systems, agricultural data, solar irradiation data, infrastructure information and economic indicators to identify ten demonstration sites for mini-grid development, deliberately connecting mini-grid investment to irrigation, storage and processing activities that generated income to support power purchase agreements, demonstrating that revenue-generating, development-linked design improves commercial viability. Independent intermediaries were identified as playing a valuable brokerage role, bridging the gap between governments, who often have limited understanding of private-sector needs, and investors, who often have limited understanding of NDC priorities. Also key were local champions willing to test and demonstrate new approaches, and demonstration projects that catalysed subsequent regulatory reform (ARIN Regional Convening, Eastern Africa, May 2026).

The CEO of Sebei Farmers SACCO in Uganda offered a complementary set of lessons grounded in cooperative finance. He argued that a critical factor in attracting private-sector participation is communicating climate risks in ways that directly inform business investment decisions. For instance, making projected shifts in rainfall patterns visible can help businesses recognise the need for earlier investment in adaptation measures such as irrigation infrastructure. He also highlighted persistent information gaps among SMEs, cooperatives and local financial institutions, which limit their ability to identify climate-related risks and investment opportunities. More broadly, he highlighted financing models that can make climate investments more attractive to private actors. He cited results-based financing for biogas programmes, in which companies were paid based on verified installations and performance outcomes, as an example of a model that reduces uncertainty for private investors while incentivising delivery of measurable climate outcomes. He also pointed to Agribusiness Initiative (aBi) Finance in Uganda as evidence that credit guarantee schemes can stimulate greater agricultural financing, albeit typically at a relatively small scale. He also stressed that blended finance works best when it finances supporting infrastructure, such as milk-cooling facilities or grain storage, alongside the climate practices themselves, since financing farmers without financing the value chain around them limits the sustainability of the investment. He stressed, however, that smaller institutions such as SACCOs often remain excluded from climate finance programmes and require more appropriate ticket sizes and financing conditions.

b) West Africa

West African evidence points to the importance of partnership structures that embed private actors within community-based and public initiatives, rather than treating them purely as external financiers. Agroforestry value chains in Nigeria, Benin and Ghana, alongside public-private reforestation and clean-energy collaborations coordinated by Ghana's Forestry Commission and Energy Commission, illustrate how such partnerships can mobilise private investment while generating livelihood co-benefits. This reflects a broader logic also evident elsewhere on the continent e.g in North Africa's Benban Solar Park, examined below, where public or concessional resources are used to create conditions for greater private-sector participation.

c) Southern Africa

The Restore Africa case, discussed above as an illustration of structural barriers, also yielded positive lessons on project design. Cross-cutting lessons identified by convening participants, drawing on Malawian and South African evidence included that projects are more likely to succeed when linked to national NDC priorities, National Adaptation Plans and district development frameworks, and when they involve direct engagement with district councils and local development committees, which enhances local ownership and the regulatory approval process (ARIN Regional Convening, Southern Africa, May 2026). Participants also found that modular business models, structuring projects as a series of service packages spanning infrastructure, operations and maintenance, and training, produce more predictable revenues and accountability than single infrastructure investments; that combining infrastructure with capacity building and behaviour-change interventions produces stronger resilience outcomes than infrastructure alone, illustrated by flood-resilience interventions in schools in southern Malawi; and that community-led monitoring, and the engagement of women, marginalised groups and traditional leaders, builds the trust needed for continued maintenance of climate infrastructure. Comparative examples cited included Kenya's scaling of off-grid solar through concessional financing, guarantees and mobile payments, and South Africa's use of transparent competitive bidding and long-term power purchase agreements to drive renewable investment while meeting social-equity requirements under its Just Transition Framework for coal-dependent workers and communities.

d) North Africa

The Benban Solar Park in Egypt, a USD 4 billion, 1.8 gigawatt installation financed through a 30% public and 70% private blended structure that created an estimated 4,000 jobs, was described by a presenter from the Export Development Bank of Egypt as 'not just a project, it is a proof of concept' transferable to other African countries through instruments such as sovereign green bonds in Kenya, Green Sukuk in Nigeria, and renewable public-private partnerships in South Africa (ARIN Regional Convening, Northern Africa, June 2026). Egypt's 2020 sovereign green bond, the first issued in the Middle East and North Africa region, raising USD 750 million with 80% allocated to renewable energy and 20% to sustainable transport, and attracting 60% international and 40% domestic investors, illustrates a parallel replication pathway. Sovereign issuance established the project-selection criteria, proceeds-management systems and impact-reporting infrastructure on which subsequent private-sector green bond issuances in the region have since been built, with the participant noting that 'green bonds not only unlock capital, they enhance credibility, attract ESG investors, and build long-term market confidence.'

Libya's PPP Act, developed with support from the Sahara and Sahel Observatory, also illustrates that regulatory reform is a precondition for private engagement rather than a parallel track. Without a legal framework allocating risk and establishing a Public-Private Partnership Unit, an

Inter-Ministerial Committee and a National Designated Authority role, no private actor could engage with confidence, a lesson reflected in the Act's first pilot application, a Green Climate Fund concept note for a 50-megawatt rooftop solar programme for SMEs, projected to mitigate 63,000 tonnes of CO2 equivalent at a total cost of USD 50 million, of which USD 25 million would be GCF concessional finance.

3.2.3. What innovative financing models can be scaled to unlock greater flows of private capital?

a) East Africa

East African participants pointed to blended financing approaches that bring multiple stakeholders and projects together within a single investment structure. A participant highlighted the Development Bank of Rwanda's sustainability-linked bond, which used World Bank International Development Association funding to credit-enhance the bond and attract private investment. This links bond pricing to progress on ESG practices within financial institutions, financing for women-led enterprises, and affordable housing access, with pricing falling as sustainability targets were met. Participants also pointed to the Kenya Green Investment Facility as an emerging blended finance vehicle designed to mobilise local capital and reduce dependence on hard-currency financing, and argued more broadly that strengthening domestic capital markets and regional savings pools is critical for reducing exposure to exchange-rate risk over the long term (ARIN Regional Convening, Eastern Africa, November 2025). Complementing this, another participant proposed conditioning public and international funding on climate-investment commitments, similar to existing quotas for women- or youth-led enterprises, and integrating climate indicators into the management information systems that financial institutions and businesses already use to track transactions, so that climate finance flows and impacts can be systematically monitored (ARIN Regional Convening, Eastern Africa, November 2025).

b) West Africa

The West African Initiative for Climate-Smart Agriculture (WAICSA)'s blended finance model, embedded within the Economic Community of West African States (ECOWAS) Regional Agriculture Development Fund, illustrates a comparable risk-reduction logic operating at regional scale. It pairs a Financing Facility offering subsidised loans, guarantees and equity with a Technical Assistance Facility providing capacity building through grants and donor subsidies, using first-loss public tranches to de-risk private investment and activate commercial banks and microfinance institutions across six West African countries (Climate Finance Lab, 2019).

c) Southern Africa

Southern African participants identified five financing models with regional scaling potential. These are blended finance, outcomes-based debt instruments, carbon markets, climate risk insurance, and green and resilience bonds (ARIN Regional Convening, Southern Africa, May 2026). For replication, participants stressed three preconditions: (a) robust and stable policy and regulatory frameworks that give investors confidence over a multi-year horizon; (b) a steady pipeline of bankable, well-prepared projects; and (c) transparent monitoring and reporting systems, capable of providing verified results to investors and the public. Malawi's Carbon Registry System was highlighted as an example of the type of infrastructure needed to strengthen transparency, reporting and verification.

The Cape Town Water Outcomes-Based Bond illustrates the outcomes-based model. The R2.5 billion bond issued by Rand Merchant Bank was supported by a guaranteed investment from the International Finance Corporation and outcomes-based co-funding from the FirstRand

Foundation and the Development Bank of Southern Africa, with returns paid only once independent verifiers confirmed water-yield outcomes (FSD Africa, 2026). To date, over 40,000 of the required 55,000 hectares of catchment have been cleared of invasive alien vegetation, restoring approximately 36 million cubic litres of water per year, creating around 1,500 green jobs, and crowding in institutional investors including Ashburton Investments, the Eskom Pension Fund, Sanlam Life and Aluwani Capital Partners. The bond's success further required a well-organised municipal governance architecture, compliance with regulatory instruments overseen by the Johannesburg Stock Exchange, and a clearly outlined plan monitored by competent technical agents (FSD Africa, 2026; Johannesburg Stock Exchange, 2026).

d) North Africa

North African participants identified blended finance vehicles as the most transformative available instrument, with the Benban Solar Park in Egypt cited as a sub-regional benchmark. Its blended financing structure combined public concessional finance with private capital, with every USD 1 of public finance mobilising an estimated USD 3.50 in private investment. Participants also called for a regional climate guarantee fund pooling risk across member states and a public-private co-financing architecture incorporating first-loss mechanisms and partial sovereign guarantees (ARIN Regional Convening, Northern Africa, June 2026). Participants also highlighted green bonds and sustainable debt instruments, supported by public-private risk-sharing, as important avenues for mobilising private capital. Technology was seen as equally important for addressing gaps in monitoring, reporting and verification (MRV), which participants repeatedly identified as a major technical barrier to private investment. Blockchain was proposed for secure, real-time tracking of funds and results-based disbursement, while artificial intelligence could support more efficient allocation of finance. Other recommendations included sustainability-linked bonds that tie coupon rates directly to NDC performance data, and greater use of parametric insurance and MDB partial guarantees, such as those offered through the African Risk Capacity initiative, to suppress the interest-rate impact of country-specific risk. Technical assistance is not optional to the GEFF model that anchors much of this region's blended finance activity. The EBRD's internal evaluation found that 90% of training participants rated GEFF courses as very useful or extremely useful, and that without the technical cooperation component, credit lines risk being underutilised or failing to build the institutional capacity needed for green lending to persist once a facility closes (EBRD, 2018; EBRD Independent Evaluation Department, 2026). The concessional co-financing that underpins this model, provided by the Green Climate Fund alongside grant support from the European Union, Austria, Luxembourg, Japan, the Republic of Korea and Canada, enables below-market on-lending rates that would not otherwise be commercially viable (Green Climate Fund, 2016; EBRD Independent Evaluation Department, 2026).

3.3. Capacity Building for Climate Finance Mobilisation and Implementation

The capacity to access, absorb, and deploy climate finance is as critical as the availability of finance itself, a proposition that is frequently overlooked in a global climate finance architecture that tends to prioritise the volume of financial flows over the institutional readiness of recipients (Tamasiga et al., 2023). This theme examines what capacity-building models at macro, meso and micro levels are showing results, how academia, think tanks and civil society can contribute, and what mechanisms can sustain, scale and align capacity building with Africa's development priorities and just transition pathways. Here, capacity is understood broadly to encompass not only the skills, but also institutions, coordination mechanisms, knowledge and data systems, and project-development capabilities needed to mobilise finance and translate it into effective implementation.

The findings below draw on the capacity-building convenings, and the case study on the West African Initiative for Climate-Smart Agriculture (WAICSA), offers supporting evidence.

Box: The West African Initiative for Climate-Smart Agriculture (WAICSA): WAICSA is the ECOWAS Regional Climate Strategy's flagship financing instrument in agriculture, the only sector appearing in all fifteen ECOWAS member states' NDCs as a joint adaptation and mitigation priority (Climate Finance Lab, 2019; ECOWAS Commission, 2019). The ECOWAS Bank for Investment and Development (EBID) manages WAICSA's Financing Facility, while the Regional Agency for Agriculture and Food (RAAF) manages its Technical Assistance Facility, with the ECOWAS Commission providing strategic direction and policy alignment (EBID, 2025). At full implementation, WAICSA targets USD 130 million in total capitalisation, benefiting 90,000 smallholder farming households, converting 185,000 hectares to climate-smart agriculture, and mitigating up to 2 million tonnes of CO2 annually (ECOWAS Commission, 2019). The pilot phase launched in July 2025 across six member states, Nigeria, Benin, Ghana, Senegal, Ivory Coast and Togo, with WAICSA originally endorsed in September 2019 (ECOWAS Commission, 2025).

3.3.1. What capacity-building models at macro, meso, and micro levels are showing results?

a) East Africa

The East African convening framed capacity as the 'missing link' in translating NDCs from policy commitments into implementable investments. One presenter noted that Africa requires more than USD 190 billion annually to implement its current NDC commitments, yet by 2022 only about USD 52.1 billion, roughly 23% of annual financing needs, had been mobilised, a gap attributed less to the absence of pledges than to weak delivery systems (ARIN Regional Convening, Eastern Africa, July 2026). At the macro level, participants pointed to climate finance units established within ministries of finance in Uganda, Kenya, Rwanda and Ethiopia as important institutional gateways, while cautioning that accreditation of national institutions as Direct Access Entities has not necessarily translated into increased climate finance because project preparation capacity remains weak. Uganda's climate budget tagging system, which tracks climate-related expenditure from national budgets to local governments, and country platforms such as the Rwanda Green Fund and the NDC Partnership, were cited as examples of institutional arrangements that strengthen national readiness.

At the meso level, participants highlighted regional institutions such as COMESA, IGAD, the East African Community and the African Union, together with technical centres such as the East African Centre for Renewable Energy and Energy Efficiency, as important vehicles for reducing transaction costs and promoting peer learning. At the micro level, Kenya's FLLoCA programme and Uganda's LoCAL implementation were cited as models that combine devolved finance with local planning, monitoring and community participation, demonstrating that climate finance is most effective when financial resources and implementation capacity are devolved together. Separately, the region's governance analysts pointed to the 2026 NDC Implementation Index, which identifies governance, more than any other factor, as the strongest predictor of successful NDC implementation. They also highlighted the IMF Climate Finance Preparedness Index as a tool for assessing governance, policy, institutional and financial readiness (ARIN Regional Convening, Eastern Africa, July 2026).

b) West Africa

In response to comparable capacity constraints, the ECOWAS Commission adopted the Regional Climate Strategy (RCS) 2022-2030, establishing the institutional framework for regional climate action and embedding climate finance capacity building as a cross-cutting enabler (ECOWAS Commission, 2022). WAICSA, the RCS's flagship financing instrument in agriculture, illustrates capacity building operating at all three levels within a single financing mechanism. At the macro level, EBID's formal accreditation to the Green Climate Fund, executed through its Accreditation Master Agreement on 12 May 2025, positions EBID as a direct channel for

international climate finance without requiring each member state to achieve individual accreditation (Green Climate Fund, 2025). EBID's accreditation signals to international partners and private investors that ECOWAS's primary development finance institution meets international fiduciary and environmental standards, reducing the transaction costs and information asymmetries that would otherwise deter investment (EBID, 2025). At the meso level, WAICSA's Technical Assistance Facility, managed by the Regional Agency for Agriculture and Food, trains local financial institutions in climate-smart agriculture project assessment and loan structuring (Climate Finance Lab, 2019), reinforced by a complementary GCF Readiness grant of USD 1.4 million. At the micro level, concessional loans below USD 1 million are conditioned on the adoption of specific climate-smart agriculture practices, creating a structural incentive that simultaneously drives capacity development and generates a built-in monitoring mechanism (Climate Finance Lab, 2019).

Convening evidence from Kano State, Nigeria illustrates what this kind of institutional embedding requires in practice at the sub-national level. Officials there identified frequent institutional restructuring and the absence of permanent climate finance units as key sources of discontinuity. In response, ongoing reforms seek to enact climate legislation, conduct climate finance readiness assessments, and establish stable institutional homes for climate finance functions (ARIN Regional Convening, Western Africa, July 2026).

At the meso level, Burkina Faso's West African Science Service Centre on Climate Change and Adapted Land Use (WASCAL) highlighted embedded technical advisers within ministries of finance, planning and environment as a model that supports sustained, rather than one-off, institutional strengthening, alongside results-based finance that links funding to verified outcomes such as emissions reductions and institutional reforms.

c) Southern Africa

Southern African evidence on capacity building is more limited than for the other themes, since the region's convening series did not include a dedicated capacity-building dialogue. Participants in the region's first convening nonetheless observed that mobilising finance is only one step, and that effective implementation requires local capacity. Many communities lack experience managing funds, monitoring projects or sustaining initiatives over time, and systemic gaps, including weak institutions, fragmented policies and poor coordination, further limit effectiveness (ARIN Regional Convening, Southern Africa, November 2025). Participants called for strengthened national climate finance strategies, stronger inter-ministerial coordination and better monitoring tools as preconditions for improving countries' ability to mobilise and implement climate projects.

d) North Africa

Reflecting on her experience as Tunisia's climate finance negotiator between COP23 and COP29, one convening participant introduced the concept of a 'mobilisation-absorption paradox', where Africa's climate finance constraint lies not only in attracting additional resources but equally in countries' capacity to absorb and deploy the finance that is already available (ARIN Regional Convening, Northern Africa, June 2026). The presentation identified six compounding, mutually reinforcing systemic barriers, spanning institutions and governance, technical skills, fragmented coordination, project pipeline and preparation, cost of capital and foreign exchange, and data, MRV and accreditation access, arguing that these barriers should not be addressed in isolation, since improvements in project preparation, for instance, are unlikely to produce meaningful results without parallel investment in institutional capacity and coordination.

At the meso and micro levels, Libya's experience illustrates a further institutional model where the country's efforts to establish a National Climate Strategic Framework aim to improve coordination among ministries, universities, civil-society organisations and other stakeholders. The initiative reflects a broader convening finding that effective climate finance governance depends on institutionalised collaboration capable of translating scientific evidence into coordinated national action rather than isolated initiatives (ARIN Regional Convening, Northern Africa, June 2026).

3.3.2. How can academia, think tanks, and civil society contribute to strengthening climate finance capacities?

a) East Africa

East African participants argued that many of the difficulties countries experience in accessing and implementing climate finance stem from inadequate institutional and technical capacity rather than an absence of funding opportunities, with capacity gaps persisting throughout the climate finance cycle from project design to monitoring, evaluation and reporting (ARIN Regional Convening, Eastern Africa, July 2026). Universities were identified as central to closing this gap. Beyond integrating climate finance, green finance and environmental and social risk management into existing academic programmes, participants proposed dedicated postgraduate diplomas, master's and doctoral programmes in climate finance to build the long-term human resource base the region requires.

Civil society organisations were highlighted for their close engagement with communities, supporting the development of fundable investment proposals, strengthening local implementation capacity, and promoting inclusive participation of women, youth, vulnerable populations and minority groups. Participants also noted the high cost of proposal preparation as a barrier that itself points to a role for academia: consultancy costs for a single large climate finance proposal can exceed USD 100,000, a cost that favours better-resourced institutions and that universities could help offset by equipping students with practical proposal-development skills.

b) West Africa

WAICSA's design illustrates how a diverse knowledge ecosystem can be embedded directly within a financing mechanism's governance. The Global Innovation Lab for Climate Finance, in partnership with the International Fund for Agricultural Development, validated and stress-tested the programme's financial design, while regional and international research institutions (including the West African Science Service Centre on Climate Change and Adapted Land Use, the West and Central African Council for Agricultural Research and Development, the International Crops Research Institute for the Semi-Arid Tropics, and the CGIAR Research Program on Climate Change, Agriculture and Food Security) serve on WAICSA's Ad Hoc CSA Expert Panel, translating best practice into the loan-conditionality frameworks that underpin the programme's financing (Climate Finance Lab, 2019).

Convening participants extended this point to civil society. The Kasa Initiative in Ghana argued that civil society organisations should be treated as strategic partners in programme design, implementation and accountability rather than only as project implementers or beneficiaries, and that strengthening their technical literacy in climate finance instruments and fiduciary standards would improve both monitoring and equitable resource allocation (ARIN Regional Convening, Western Africa, July 2026).

c) North Africa

In Libya, Environment without Borders illustrated how scientific knowledge can be translated into community-level climate action through applied biodiversity and mangrove restoration. Universities contribute scientific methodologies for project design, carbon accounting and environmental monitoring, while civil society supports community engagement, awareness raising and project implementation (ARIN Regional Convening, Northern Africa, June 2026). Participants emphasised that capacity building should be viewed as a continuous process, involving structured training, mentoring, research collaboration and institutional learning, rather than isolated workshops, echoing the emphasis placed on institutionalised, rather than one-off, capacity development across the other regional convenings.

3.3.3. What mechanisms can ensure that capacity building is sustained, scalable, and aligned with Africa's development priorities and just transition pathways?

a) East Africa

East African participants proposed an East African Climate Finance Capacity Compact, built around macro, meso and micro capacity pillars, whose success would be measured by finance mobilised, projects funded, jobs created and gender inclusion achieved, rather than by the number of training workshops delivered (ARIN Regional Convening, Eastern Africa, July 2026). Participants argued that capacity building must be institutionalised within permanent delivery units supported by dedicated budgets, standardised tools and embedded technical experts, and that project preparation facilities in particular remain a critical gap, since many governments have not established permanent funding mechanisms for developing bankable climate projects.

b) North Africa

North African participants proposed institutional harmonisation, in the form of a 'single window' or harmonised national climate finance secretariat, to reduce the institutional fragmentation identified as a root cause of weak capacity to absorb and deploy climate finance. (ARIN Regional Convening, Northern Africa, June 2026). They further argued that pipeline development should draw on local think tanks and universities to provide the technical data and MRV systems needed to prepare bankable projects. Capacity building should also extend beyond workshops to continuous professional development, mentoring, research partnerships and institutional exchange programmes capable of building long-term technical expertise across government, financial institutions, academia, civil society and the private sector.

3.4. Regional Enablers of Climate Financing

Individual African countries, especially those with smaller economies, weaker institutional capacity, and higher vulnerability, struggle to attract the volume of investment required to implement their NDCs. This is not a reflection of insufficient global climate finance, but of a mismatch between the scale at which international climate finance operates and the scale at which national governments, especially in low-capacity settings, can absorb and deploy it. This theme examines whether there is a need for regional pathways towards NDC implementation, and how Regional Economic Communities (RECs) can act as building blocks for national financing, attract blended finance, foster regional carbon markets, and support collective negotiations with multilateral development banks and donors.

We draw on regional convenings and four case studies namely the Scaling-Up Resilience in Africa's Great Green Wall (SURAGGWA) initiative in West Africa and the Sahel, the Bank of Central African States (BEAC) Green Window in the CEMAC region, the Financial Sector Deepening (FSD) Africa programme in East Africa, and the TERAMED Initiative in North Africa.

Box: Scaling-Up Resilience in Africa's Great Green Wall (SURAGGWA): SURAGGWA is a Green Climate Fund-approved regional programme mobilising USD 222 million (USD 150 million in GCF grants and USD 72 million in national and partner co-financing) to restore 1.27 million hectares of degraded agro-silvo-pastoral land across eight Sahelian countries: Burkina Faso, Chad, Djibouti, Mali, Mauritania, Niger, Nigeria, and Senegal (GCF, 2025). Approved in July 2025 and implemented jointly by the Food and Agriculture Organization (FAO) and the Pan-African Agency of the Great Green Wall (PA-GGW), the initiative targets the sequestration of 65 million tonnes of CO2 equivalent while improving the resilient livelihoods of 5.7 million people, of whom 1.88 million benefit directly (GCF, 2025).

Box: The BEAC Green Window in the CEMAC Region: The Green Window is an initiative by the Bank of Central African States (BEAC) to transform its former Window B refinancing facility into a regional mechanism dedicated to refinancing green investments across the six-member Economic and Monetary Community of Central Africa (CEMAC) region (BEAC, 2024). Developed in collaboration with the Central African Banking Commission (COBAC) as part of BEAC's regional sustainable finance project, and aligned with the Network for Greening the Financial System's guidance for central banks and supervisors (NGFS, 2022), the Green Window is intended to create a dedicated channel for directing liquidity towards investments compatible with national NDCs and regional sustainable development goals (Financial Afrik, 2025). As of the time of this study, the mechanism remains forward-looking, with available public documents not yet permitting an assessment of its operational track record in green refinancing.

Box: FSD Africa as a Regional Enabler of Climate Finance in East Africa: FSD Africa is a Nairobi-based, non-profit specialist development agency established in 2012 and funded principally by UK aid (FSD Africa, 2025a). Now working across 28 to 30 countries, it has evolved from a financial-sector-deepening programme into a whole-ecosystem climate finance mobiliser combining policy and regulatory support, market infrastructure development, technical assistance, and catalytic capital. Its flagship interventions include the Kenya and Tanzania Green Bond Programme, developed with the Climate Bonds Initiative; the Carbon Accelerator Programme for the Environment (CAPE), which builds project pipelines, market infrastructure, and blended finance for regional carbon markets; and FSD Africa Investments (FSDAi), a blended finance vehicle with £150 million committed across 27 investments (FSD Africa, 2025).

Box: The TERAMED Initiative in North Africa: TERAMED is a strategic roadmap to install 1 terawatt (TW) of renewable energy capacity across the Mediterranean region by 2030, equivalent to roughly 10% of the global COP28 target to triple renewable energy to 11 TW (IRENA, 2024). Backed by the International Renewable Energy Agency (IRENA), the Union for the Mediterranean, and the Global Renewables Alliance, TERAMED brings together Euro-Mediterranean governments, energy regulators, and development finance institutions to harmonise cross-border grid-access codes and de-risking instruments across Morocco, Algeria, Tunisia, Egypt, and Libya (Ember, 2024). Meeting the initiative's estimated USD 700 billion financing requirement depends on closing a stark cost-of-capital gap: renewable energy projects on the northern Mediterranean shore access financing at a weighted average cost of capital of 3-5%, compared with 12-18% on the southern shore (IRENA, 2023).

3.4.1. Is there a need for regional pathways towards NDC implementation, and how can RECs act as building blocks for national financing?

a) East Africa

East African participants argued that regional economic communities such as the East African Community could help position the region as a larger, more integrated investment market, more

attractive to private capital that typically seeks diversified, scalable opportunities (ARIN Regional Convening, Eastern Africa, November 2025). A coordinated regional approach, participants suggested, would involve harmonised policy frameworks across countries, regional green taxonomies, regulatory frameworks enabling instruments such as green and sustainability-linked bonds, and harmonised rules governing capital repatriation, presenting the region as a more homogeneous investment environment and reducing perceived risk.

Financial Sector Deepening (FSD) Africa's experience in Kenya and Tanzania's green bond markets illustrates how regional institutions can support policy harmonisation through technical assistance rather than formal regulatory frameworks: the East African Community provided the political framework for regional financial integration, but it was FSD Africa's technical assistance, research and relationship with international standards bodies such as the Climate Bonds Initiative that made the individual national programmes work (FSD Africa, 2025).

b) West Africa

Convening evidence situates West Africa's regional case studies within a broader regional logic. Participants highlighted that Regional Economic Communities, and ECOWAS in particular, can serve as building blocks for national climate finance strategies by harmonising policies, standardising regulatory and reporting frameworks, and creating pooled investment platforms that reduce transaction costs for private and international financing (ARIN Regional Convening, Western Africa, December 2025). The SURAGGWA initiative, approved by the Green Climate Fund Board, puts this aggregation function into practice directly. Mobilising a total investment of USD 222 million, comprising USD 150 million in GCF grants and USD 72 million in national and partner co-financing, SURAGGWA spans eight Sahelian countries and targets the restoration of 1.27 million hectares of degraded agro-silvo-pastoral land (Green Climate Fund, 2025). Its design recognises that the ecological benefits of sand-dune stabilisation, watershed restoration and carbon sequestration cross political borders. Implementation by the Food and Agriculture Organization alongside the Pan-African Agency of the Great Green Wall provides a cross-border coordination mechanism, reinforced at national level by the SURAGGWA Joint Technical Working Group inaugurated in Nigeria in May 2026 (FAO, 2026).

c) Southern Africa

Southern African participants identified SADC and COMESA as playing a vital role in harmonising policies, reducing fragmentation and coordinating cross-border projects (ARIN Regional Convening, Southern Africa, November 2025). One bundling function was that many national projects are too small individually to attract significant investment, but combining projects from multiple countries, such as regional power pools, shared water systems and climate-smart agricultural initiatives, creates larger portfolios that are more appealing to funders while reducing risks that affect multiple countries at once.

Participants also highlighted the African Continental Free Trade Area as an opportunity to strengthen climate-resilient infrastructure, renewable energy and agricultural trade through regional coordination, policy alignment, market access and resource pooling. Despite these advantages, participants cautioned that funding often does not reach the community level and that deliberate strategies are needed to decentralise finance so that RECs function as one link, not the only link, in a multi-level financing chain running from regional institutions to national and then local levels.

d) North Africa

North African participants argued that regional platforms should be used selectively rather than assuming full REC functionality applies uniformly. In regions where RECs are weak or

fragmented, bilateral and thematic cooperation can be more effective than formal regional integration (ARIN Regional Convening, Northern Africa, December 2025). Participants illustrated this unevenness. ECOWAS was cited as a relatively functional REC, while the Arab Maghreb Union has long been constrained by political fragmentation that has limited regional financial integration.

The TERAMED Initiative illustrates a further regional aggregation logic. TERAMED is a strategic roadmap to install 1 terawatt of renewable energy capacity across the Mediterranean by 2030, roughly 10% of the global COP28 target to triple renewable capacity, and acts as an institutional REC architecture that, rather than allowing individual countries to operate separately in international capital markets, aggregates regional clean energy investment to ensure the market depth, regulatory consistency and project scale needed to attract foreign institutional asset managers (Ember, 2024). It does so by implementing common goals and cross-border grid-access codes that eliminate country-by-country sovereign risk premiums and transform local infrastructure resources into investment-grade assets (IRENA, 2024; Medinilla, 2025).

3.4.2. What opportunities exist for RECs and regional initiatives to attract blended finance, foster regional carbon markets, or support collective negotiations with MDBs and donors?

a) East Africa

East African participants situated blended finance within the wider landscape of development finance, defining it as the use of catalytic concessional capital from public or philanthropic actors to mobilise private commercial capital for investments aligned with the Sustainable Development Goals, noting nearly 1,500 tracked blended finance transactions globally worth an estimated USD 260 billion (ARIN Regional Convening, Eastern Africa, November 2025). Participants cautioned, however, that blended finance is not a universal solution, as it is most effective where projects are close to commercial viability but require targeted risk mitigation, and less appropriate for sectors providing essential public goods such as primary healthcare, where direct public or concessional financing may be more suitable. On collective negotiation, FSD Africa's Landscape of Climate Finance in Africa reports, produced with the Climate Policy Initiative, were cited as an example of evidence-based advocacy that has changed the terms of the conversation between African governments and international donors by establishing, in data, the scale of the financing gap. Participants suggested that a dedicated East Africa Climate Finance Landscape report would give the EAC and COMESA a shared evidence base for negotiating collectively with the GCF, World Bank, AfDB and bilateral donors.

b) West Africa

WAICSA's blended finance model, embedded within the ECOWAS Regional Agriculture Development Fund, pairs a Financing Facility with a Technical Assistance Facility, using first-loss public tranches to de-risk private investment and successfully activate commercial banks and microfinance institutions across six West African countries (Climate Finance Lab, 2019). On carbon markets, SURAGGWA is positioned to capitalise on the ongoing West African Economic and Monetary Union (WAEMU) regional carbon-pricing feasibility study conducted with the UNFCCC Regional Collaboration Centre for West and Central Africa, which found that, except in Ghana, Togo and Sierra Leone, most West African nations lack the MRV infrastructure and regulatory frameworks required to implement domestic carbon pricing (UNFCCC, 2024).

Uncoordinated national carbon initiatives of this kind carry high risks of double-counting transboundary mitigation outcomes and undermining environmental integrity, a risk that a regional approach under WAEMU can resolve by pooling resources to build a unified, high-integrity regional MRV registry (Brunner & Enting, 2014). SURAGGWA's aggregation of carbon sequestered across 1.27 million hectares of restored land (targeting 65 million tonnes of CO2e

over the project lifespan) presents a high-volume, high-integrity portfolio to international buyers under Article 6 of the Paris Agreement (GCF, 2025b).

On collective negotiation, unilateral bargaining by individual Sahelian least-developed countries is constrained by low credit ratings and high sovereign cost of capital, trapping them in a climate investment trap in which high risk premiums drive prohibitive capital costs (Ameli et al., 2021). Represented collectively through the Pan-African Agency of the Great Green Wall and the Food and Agriculture Organization, the eight SURAGGWA countries can instead negotiate concessional, grant-heavy adaptation financing, countering the global trend under which 51% of tracked climate flows to Africa are debt-based (GCF, 2025). Risk pooling of this kind also enables innovative instruments such as debt-for-nature swaps, where outstanding sovereign debt is written off in exchange for certified environmental actions, ensuring no net burden on debt service (Quevedo et al., 2022).

c) Southern Africa

Southern African participants noted that RECs offer a natural aggregation point for blended finance and climate risk insurance by pooling investment risk that individual, smaller economies cannot absorb alone, pointing to climate programmes coordinated through SADC and the African Union as sources of regional climate finance facilities, technical assistance and harmonised carbon-market standards (ARIN Regional Convening, Southern Africa, May 2026).

d) North Africa

North African participants argued that RECs offer sufficient scale to structure financial mechanisms too complex or risky at national level. They identified three opportunities: collective bargaining power vis-à-vis multilateral institutions, particularly on industrial policy for critical minerals and energy; exchange-rate risk-sharing mechanisms, in which currency-depreciation risk is pooled across local banks, hedging providers and donors and could be scaled through multilateral development banks to provide affordable local-currency loans; and the use of local data and regional rating agencies to correct perception-based risk premiums that can inflate the cost of capital for African projects to as much as 25%, compared with approximately 8% for comparable European projects (ARIN Regional Convening, Northern Africa, December 2025).

3.5. Reforming the Climate Finance Architecture for Equity, Accountability and Impact: Regional Findings

Section 2 documented the structural failures of the current climate finance architecture as it operates in Africa: finance flows concentrated in a handful of countries and sectors, disproportionately favouring mitigation over adaptation, arriving predominantly as debt rather than grants, and routinely bypassing the communities most vulnerable to climate impacts. UNCTAD (2025) documents that these are the predictable consequences of outdated governance structures and policy frameworks, shaped by the broader limitations of the international financial architecture itself, a system in which developing countries have historically had limited voice and representation, in which debt vulnerabilities are compounded rather than alleviated, and in which the cost of capital for climate investment in Africa remains double that for non-African peers with identical credit ratings (UNCTAD, 2025; Bougrea & Gate, 2025; Mutize, 2025).

This theme examines what governance reforms are needed to ensure accountability and equity in climate finance allocation, and how transparency mechanisms can be embedded in NDC finance tracking at national level. The findings below draw on convenings and the following case studies examined as illustrations of the promise and the limits of reform applied to sovereign debt instruments specifically.

Box: Seychelles' Debt-for-Nature (Blue Bond) Swap: In 2016, Seychelles undertook one of Africa's earliest sovereign debt-for-nature swaps, restructuring a portion of its external debt in exchange for marine conservation commitments, including the designation of 30% of its exclusive economic zone as a Marine Protected Area. A comprehensive analysis of Seychelles' blue finance transactions found that the swap did not reduce sovereign debt, which has not diminished since, and secured few environmental protections beyond commitments the government had already made prior to the swap, aside from minor changes to artisanal fisheries regulations. The transaction increased public indebtedness to fund the deal's structures while reducing sovereign control over oceanic resources through shared governance arrangements with international conservation partners (Hunt & Hilborn, 2025).

Box: Gabon's USD 500 Million Blue Bond: In 2023, Gabon issued a USD 500 million debt-for-nature 'blue bond' to refinance existing sovereign debt in exchange for marine conservation commitments. The transaction was structured with a political risk insurance policy from the US International Development Finance Corporation costing up to 120 basis points, which raised the deal's all-in cost to approximately 7.5%. As a result, the swap saved Gabon only USD 125 million over 15 years, an annual average of just over USD 8 million, a modest fiscal benefit for an oil-rich country with substantial marine resources. Like Seychelles' earlier transaction, Gabon's blue bond was structured by international actors with limited domestic consultation (Roy & Walsh, 2023; The Nature Conservancy, 2023).

3.5.1. What governance reforms are needed to ensure accountability and equity in climate finance allocation?

a) East Africa

East African participants approached reform primarily as a public financial management challenge, noting that over 80% of climate finance globally remains public, sourced from multilateral funds, bilateral donors and domestic public spending, so that governance reform must focus primarily on public financial systems (ARIN Regional Convening, Eastern Africa, November 2025). Participants argued that the prevailing project-based financing model, exemplified by the Green Climate Fund and the Adaptation Fund, creates systemic barriers to access because it is bureaucratic, costly to navigate and reliant on technical language that NGOs, community-based organisations and grassroots groups struggle to engage with. They proposed shifting from project-based approvals towards country-level allocation envelopes, while cautioning that this would require strengthened and well-coordinated national climate finance management systems. They further proposed decentralising allocation frameworks to reach sub-national levels and civil-society organisations directly, reducing transaction costs and shortening funding delivery channels.

b) West Africa

West African participants located governance reform within the same public financial management logic identified under Theme 1, arguing that embedding climate budget tagging within national budget codes and medium-term expenditure frameworks, rather than relying on parallel donor-driven tracking systems, produces more reliable and durable visibility of climate expenditure (ARIN Regional Convening, Western Africa, December 2025). Participants called for enforceable legal provisions mandating transparency in climate finance reporting, standardised indicators for tracking finance flows, and mechanisms for participatory oversight that allow civil society and local communities to monitor implementation, complemented by strengthened parliamentary scrutiny, independent audit functions and open data platforms. Separately, participants in the region's capacity-building convening argued that Africa should also begin developing African-based climate finance models and alternatives rather than relying solely on

the existing global architecture, and that capacity building for this kind of institutional reform should be treated as a continuous process rather than a series of isolated, project-based interventions (ARIN Regional Convening, Western Africa, July 2026).

c) Southern Africa

Southern African participants proposed a concrete domestic reform package centred on institutional consolidation: establishing a dedicated National Climate Finance Readiness Unit to support proposal development and donor accreditation, particularly for smaller institutions and community-level projects seeking to meet the fiduciary and safeguard requirements of the Green Climate Fund and the Global Environment Facility, alongside a centralised Carbon Market Office with clear reporting lines to resolve the overlapping institutional mandates identified as a source of delay and lost investor confidence (ARIN Regional Convening, Southern Africa, May 2026). Participants also called for a specific climate investment framework and standardised public-private partnership templates that better connect district development plans and local governance structures with national investment frameworks.

d) North Africa

North African participants argued that transformation of the financial architecture requires moving from a centralised control model to a separated decision model, in which governments retain policy oversight while independent entities manage allocation and implementation, an arrangement participants argued improves accountability precisely because it removes day-to-day allocation decisions from direct political control (ARIN Regional Convening, Northern Africa, December 2025). They proposed that equity increases when allocation decisions are reviewed by multistakeholder boards, including representatives of civil society, UN agencies and government, similar to the GEF Small Grants Programme's decision-making structure, rather than by government institutions alone, and called for reform of credit rating agencies to use local data and quantifiable measures rather than perception-based risk assessments that artificially inflate the cost of capital for African countries. The GCF and other funds must also empower Direct Access Entities: disparities in access reflect the broader power imbalances between the Global North and the Global South, and without structural reform to enhance transparency and meaningful participation, the funds risk reinforcing the same inequities they were created to redress.

3.5.2. How can transparency mechanisms be embedded in NDC finance tracking at national and international levels, and what do the region's debt-for-nature swaps reveal about the design of reform?

a) East Africa

East African participants emphasised the need for a common code or standard to harmonise how climate finance is defined, tracked, managed and reported across national governments, counties, NGOs and development partners, currently managed through fragmented systems that make coherent tracking difficult (ARIN Regional Convening, Eastern Africa, November 2025). Participants pointed to Kenya’s existing legislative basis for national climate funds as a foundation on which to build stronger governance systems around such tracking mechanisms.

b) West Africa

West African participants framed transparency and participation as mutually reinforcing, because financial institutions do not consistently distinguish climate-related lending from conventional credit, it remains difficult to establish how much climate finance reaches grassroots and marginalised actors, reinforcing the case for the harmonised climate finance

tracking standards discussed above (ARIN Regional Convening, Eastern Africa, November 2025; Western Africa, December 2025).

c) Southern Africa

Southern African participants linked transparency to Uganda's Climate Finance Unit model, cited as an example of a country-led platform that has coordinated climate finance flows, developed a National Climate Finance Strategy and a National Green Taxonomy, and applied the NDC Partnership's Project Checklist to strengthen the national pipeline of bankable projects (NDC Partnership, 2025). Participants argued that global reforms will be insufficient without parallel domestic reforms of this kind, since achieving greater equity in climate finance depends not only on higher financing volumes but also on transparent domestic tracking systems.

d) North Africa

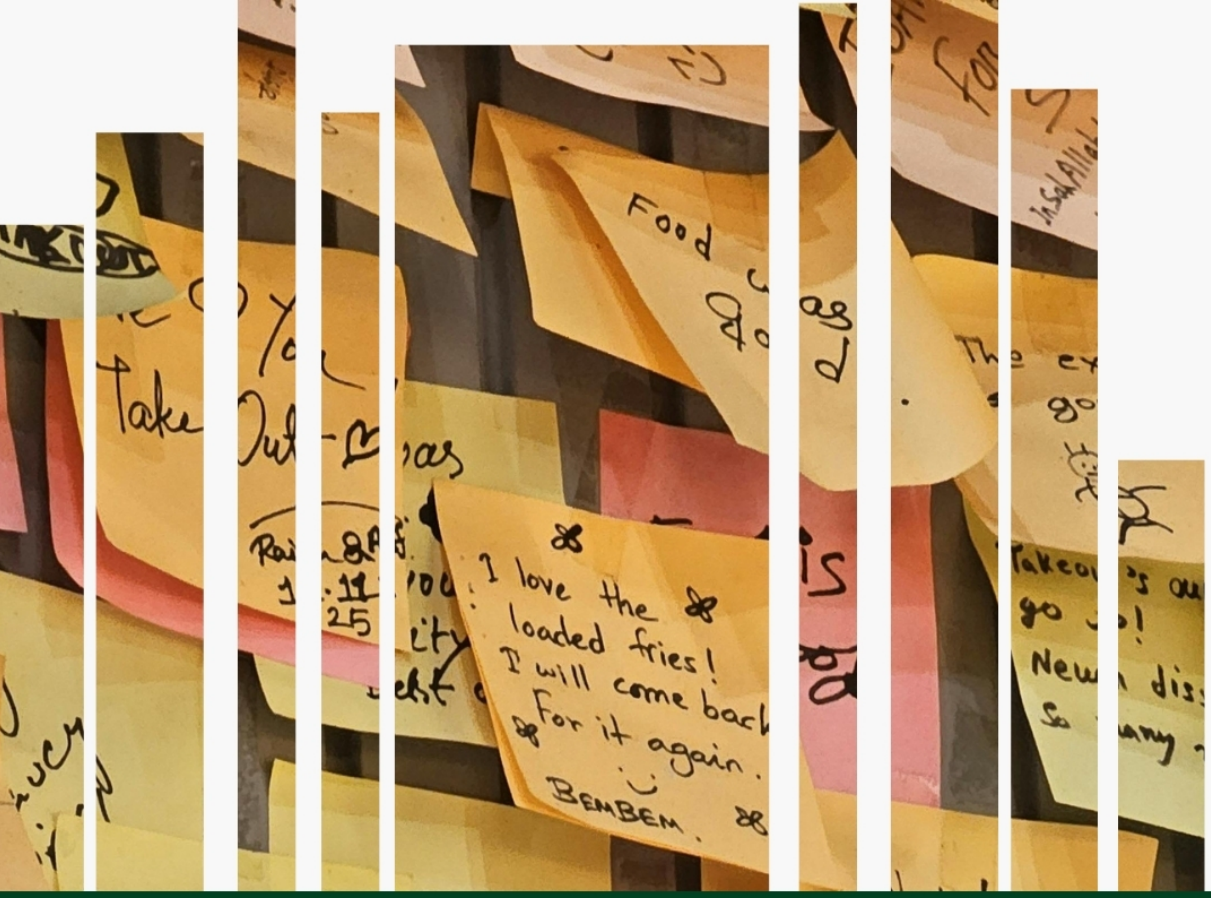
North African participants argued that effective monitoring of NDC financing at national level depends on budget integration and accurate data collection. Governments should include NDC and National Adaptation Plan needs in their annual budgets so that development partners can target funds transparently. Monitoring should then track whether finance reaches intended beneficiaries rather than focusing only on procedural compliance (ARIN Regional Convening, Northern Africa, December 2025).

Participants proposed adopting standardised indicators coherent with UNFCCC NDC reporting processes, disaggregating finance data by geography and sector to expose where finance actually flows, and establishing national investment platforms for open dialogue between project developers, government and donors. They also noted, more provocatively, that donor and MDB reporting requirements often provide stronger transparency than domestic systems alone, positioning external reporting obligations as a de facto accountability tool where domestic systems remain weak.

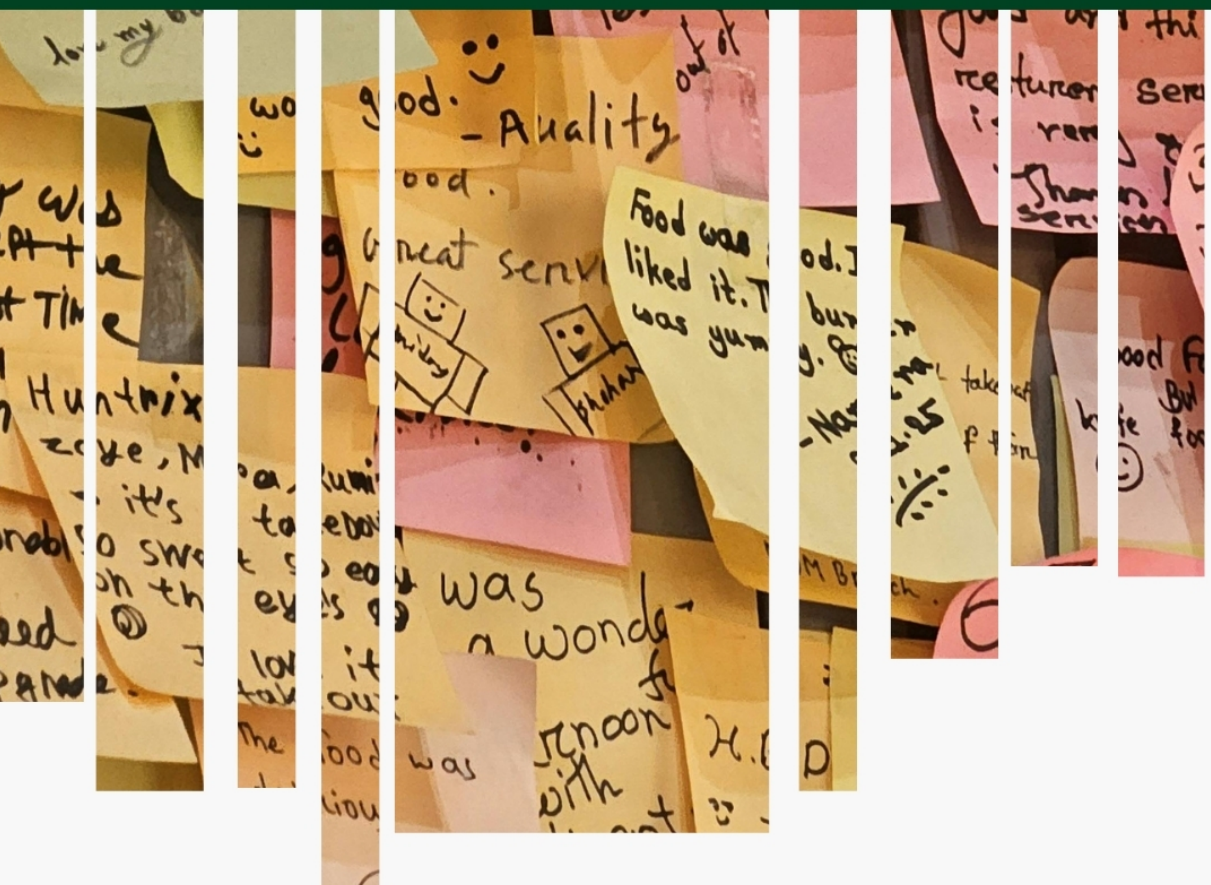
e) Central Africa

Gabon's 2023 USD 500 million blue bond was structured with political risk insurance from the US International Development Finance Corporation, costing up to 120 basis points and raising the deal's all-in cost to approximately 7.5%. This reduced Gabon's net saving to USD 125 million over 15 years - an annual average of just over USD 8 million (Roy & Walsh, 2023; The Nature Conservancy, 2023). The case illustrates how the transaction and risk-mitigation costs associated with complex climate finance instruments can significantly erode their net fiscal benefits, even where they succeed in mobilising capital.

Overall, across the Seychelles and Gabon cases, transactions were structured predominantly by international actors, with limited documented domestic parliamentary or civil-society consultation prior to signing (Hunt & Hilborn, 2025; Roy & Walsh, 2023; The Nature Conservancy, 2023). Across Africa more broadly, the fiscal impact of debt-for-nature swaps is uneven and often modest, especially where underlying debt and revenue dynamics are constrained. While the continent's debt-for-nature swap activity represents 22% of global debt-swap transactions, it accounts for less than 0.1% of Africa's total external debt (Afronomicslaw, 2025; ORF, 2026).



4.CROSS-REGIONAL SYNTHESIS AND LESSONS



Introduction

This section draws together the regional findings presented above in Section 3 across the five themes examined in this report into a cross-regional synthesis. For each theme, it identifies common patterns, regional differences, what appears to work and under what conditions, and lessons that may be transferable across Africa's climate finance landscape.

4.1. Decentralising and Democratising Climate Finance

The decentralisation and democratisation of climate finance are important dimensions of the global climate finance architecture. While often used interchangeably in policy discourse, these are analytically distinct but practically interdependent concepts. Decentralisation is the administrative and fiscal transfer of authority, resources, and responsibilities from central government to sub-national levels of government including counties, districts, municipalities, and local communities (Ribot, 2002; Agrawal & Ribot, 1999). It is a structural concept concerned with the vertical distribution of power within the state apparatus. At the same time, democratisation of climate finance is the process of opening climate finance decision-making spaces to include actors who have traditionally been excluded ensuring that financial resources for climate action should be accessible, accountable, and responsive to the communities most affected by climate change (Burnell, 2012). While this ideal is driven by decentralising financial control away from distant international institutions down to local municipalities, it primarily demands explicit local governance reforms. Importantly, a democratic framework ensures that community-based organisations and frontline populations, particularly women, youth, and indigenous peoples, possess direct, participatory decision-making authority over those funds (Adom, 2024; Tamasiga et al., 2023). We do not view this shift as an act of localized charity, but as a binding legal obligation to rectify systemic inequalities where the most vulnerable populations carry the heaviest climate burdens yet have the least say in adaptation deployment (International Court of Justice [ICJ], 2025).

Despite the growing volume of climate finance flowing to Africa, most of these resources never reach the local level. Africa receives less than 10% of global adaptation finance, and under 20% of that funding reaches local actors, despite locally led solutions consistently demonstrating stronger and more sustainable outcomes (CPI, 2024; EnviroNews, 2026). This disconnect between where finance is allocated and where it is needed most reflects a deeper structural problem where the global climate finance architecture remains heavily centralised, favouring large-scale, mitigation-oriented projects that can be processed through international intermediaries, while marginalising the small-scale, community-driven adaptation initiatives that are most urgently required across the continent (CPI, 2024; AFRODAD, 2022).

From a political-economic standpoint, Purdon (2024) explains that international climate funds and multilateral development banks operate within institutional logics that prioritise risk management, fiduciary compliance, and demonstrable results, all of which are more easily achieved through large, standardised projects managed by accredited international entities than through small, diverse, community-led initiatives that defy easy measurement and aggregation. This results in a systematic bias against localisation, where the same governance structures designed to ensure accountability (in) advertently exclude the communities that climate finance is meant to serve. Yet, across Africa, a growing body of evidence demonstrates that when climate finance is truly democratised and placed in the hands of communities, the outcomes are more effective, more sustainable, and more equitable.

4.1.1. How financial flows can be localised and decentralised to empower frontline communities

Climate finance delivery should be embedded in, rather than bypass, existing institutions

The evidence suggests that effective localisation requires financing channels that bring resources closer to communities while strengthening, rather than bypassing, the local institutions responsible for managing them. Malawi's CLAP for Resilience places project staff within existing district councils in Mchinji, Kasungu, and Nkhotakota, positioning them inside government buildings and within existing administrative structures (EAD & UNDP, 2025). This approach ensures that financial management capacity and community relationships developed over the project's six-year duration do not vanish when the project ends but become embedded within the institutional fabric of local government. Similarly, FLLoCA operates through Kenya's devolved county governments, with County Climate Change Funds managing finance against community-defined priorities; and North African participants pointed to the Global Environment Facility Small Grants Programme as a comparable low-bureaucracy channel. This is consistent with UNDP's evidence across Sub-Saharan Africa that projects delivered through national systems generate more sustainable institutional capacity than those delivered through parallel donor systems (UNDP, 2024).

Coordination across multiple levels of governance and partnerships

Localisation requires multi-level arrangements connecting national, sub-national and community institutions. Likewise, effective decentralisation requires coordination across multiple levels of governance including international donors, national ministries, county or district governments, and community institutions. CLAP's three-tier structure (national, district, community) and FLLoCA's national-to-county-to-community chain illustrate this, as does North Africa's proposal to channel finance through accredited NGOs and UN agencies rather than central line ministries. There is no single institutional pathway, and the appropriate arrangement depends on existing governance systems and institutional capacity.

Routing and access matter as much as volume

Access to climate finance is constrained not only by the amount of finance available, but also by the channels through which it is delivered. Routing finance through national governments and international intermediaries, combined with centralised budgets, multiple approval layers and complex accreditation and reporting requirements, can increase transaction costs and limit access for sub-national institutions and other local actors. Approaches such as country-level allocation envelopes, direct-access mechanisms and simplified financing and reporting requirements can shorten these pathways and bring resources closer to implementing actors. However, greater direct access needs to be matched by sufficient technical, financial-management and institutional capacity at the level receiving the finance. The evidence therefore suggests that improving access requires both reforming how finance is channelled and strengthening the capacity of local institutions to manage and deploy it effectively.

Financing mechanisms that outlast individual projects

A serious limitation of many climate finance interventions is their project-based nature. Essentially, finance flows for a defined period and then ceases, often leaving communities no better equipped to access future resources. CLAP for Resilience addresses this through its Component 3, which establishes a Private Sector Engagement Facility within UNDP's Growth Accelerator Platform and provides technical support to integrate this facility into the Malawi National Climate Change Fund (UNDP Climate Change Adaptation, 2025). This legacy facility is designed to continue channeling private investment towards community adaptation needs beyond CLAP's end in 2031.

FLLoCA's institutional design also embeds climate finance within ongoing county government operations, ensuring that capacity built through the programme continues to function after external funding ends (Climate Finance Kenya, 2025). These approaches illustrate the importance of building enduring financing and institutional mechanisms into programme design, consistent with the GEF-8 Programming Strategy for the LDCF and SCCF, which identifies post-project sustainability as a key objective for LDC adaptation finance (GEF, 2022).

4.1.2. Effective partnership models for the inclusion of marginalised groups in climate financing and delivery

Meaningful inclusion requires explicit institutional requirements

Decentralisation and participatory structures do not automatically ensure meaningful inclusion, as existing power dynamics and weak feedback mechanisms can continue to limit who participates and influences decisions. CLAP addresses this by making women's participation and engagement of women-owned businesses a structural requirement, while FLLoCA's approach is more indirect, operating through county governments and community-led adaptation committees. Creating participatory spaces, however, may not by itself guarantee meaningful influence, a concern reinforced by evidence from Malawi where policy commitments did not necessarily translate into substantive inclusion (GCF GESI Assessment, 2024). Meaningful inclusion therefore requires deliberate provisions for representation and mechanisms that enable marginalised groups to influence financing decisions.

Differentiated financing models for inclusion

The suitability of financing instruments varies considerably across different types of actors, making standardised financing approaches a potential source of exclusion. Differences in transaction size, collateral availability, institutional form and capacity to meet formal financing requirements shape which instruments different actors can realistically access. More formal enterprises and financial institutions may be positioned to use instruments such as blended finance, partial credit guarantees and gender-lens investment, while smallholder farmers, SACCO members and other informal or less formalised actors may require microfinance, group lending, social collateral and digital financial services. Inclusion therefore depends on designing financing models around the characteristics and constraints of different actors so that those unable to access conventional instruments are not systematically excluded.

Recognising Indigenous and local knowledge

Effective democratisation requires recognising and valuing indigenous and local knowledge as a scientific resource rather than a cultural extra. CLAP explicitly incorporates traditional and Indigenous knowledge alongside modern science in its climate-smart agriculture activities, and

West African agroforestry value chains combine Indigenous land-management knowledge with formal financing. This is supported by evidence from the Zambezi River Basin, where recognising local knowledge contributed significantly to sustainable climate-risk adaptation (Matandirotya et al., 2024). In Senegal and Mali, the Devolved Climate Finance mechanism demonstrates the value of working through existing social-capital institutions, such as women's savings groups, to strengthen both gender inclusion and adaptation effectiveness (Patnaik, 2021).

Participation and transparency are mutually reinforcing

Communities cannot influence financing decisions or hold institutions accountable without knowing how much finance has been allocated and what it achieves. CLAP's Component 4 connects community monitoring to Malawi's national Climate Change Finance Management Information System and public Climate Finance Dashboard, while West Africa proposed embedding transparency within core budget systems rather than parallel donor tracking. These examples highlight how information asymmetries can weaken participation and accountability: when citizens cannot see how climate finance is allocated and spent, their ability to hold decision-makers accountable is constrained. East African evidence points to a related problem, with financial institutions not consistently distinguishing climate-related lending from conventional credit, further limiting transparency and accountability.

Taken together, these lessons highlight that decentralising climate finance is not the same as democratising it. Effective localisation requires financing channels that bring resources closer to communities, coordination across governance levels, simplified but accountable access, capable local institutions and mechanisms that outlast individual projects. Democratisation goes further, requiring deliberate inclusion, financing models suited to different actors, recognition of local and indigenous knowledge, and transparency that enables communities to scrutinise financing decisions. These conditions are mutually reinforcing and together move climate finance closer to the priorities and realities of frontline communities.

4.2. Strengthening Private Sector Participation in Climate Finance

African small and medium-sized enterprises (SMEs), which are the backbone of most African economies, often underinvest in climate solutions because they face several barriers to finance, including perceived credit risk, limited collateral, and often informal operations (Business a.m., 2026). Fifty per cent of SMEs in Africa are credit constrained, while 84% are required to provide collateral averaging more than 150% of the loan value (UNDP, 2026). Many climate-focused MSMEs also lack audited financial statements, formal governance structures, and standardised reporting, making it difficult for them to meet the requirements of formal financial institutions and investors. Beyond enterprise-level constraints, private investors confront macro-level barriers including currency volatility, regulatory uncertainty, weak enabling environments, high transaction costs, information asymmetries, and the absence of bankable project pipelines (BCG, 2025; KBC, 2026). The scale of this challenge is substantial. Recently submitted NDCs across West and Central Africa alone are estimated to require approximately USD 480 billion in implementation financing, underscoring why enterprise-level constraints must be addressed alongside macro-level barriers rather than in isolation. Against this background, the regional findings and case studies point to several lessons about the conditions under which private capital can be mobilised at scale.

4.2.1. What factors limit private sector involvement in climate and NDC financing, and how can they be addressed?

Multidimensional and systemic factors

Across the regions, the evidence shows that barriers to private climate investment are multidimensional, extending beyond access to finance to include macroeconomic, institutional, regulatory, technical and governance constraints. Moreover, these barriers are also systemic. That is; they are embedded in the structures and functioning of the entire investment system, where they interact and reinforce one another. Weak institutional coordination and regulatory uncertainty, for example, can constrain project preparation and undermine investor confidence, while macroeconomic and currency risks raise financing costs and further weaken project viability. This is consistent with the broader literature on green finance market failure in emerging economies, where weak institutional frameworks and the absence of a recognised technical eligibility standard raise the effective cost of green investment (Campiglio, 2016; Dikau & Volz, 2021; Campiglio et al., 2018).

Closing Africa's private climate finance gap therefore, requires addressing these interconnected constraints, rather than treating access to finance as an isolated problem. Increasing concessional capital remains important, but it must be accompanied by improvements in the wider investment system, including strengthening institutions, coordination and project preparation. These conditions are necessary to translate capital into viable climate investment.

Sovereign and macroeconomic constraints

East African evidence that no country in the sub-region holds an investment-grade credit rating together with Southern African evidence of Malawi's high debt burden (approximately 90% debt-to-GDP ratio) and chronic foreign exchange shortages, shows how sovereign and macroeconomic risk can constrain private investment. North Africa further illustrates this challenge: renewable energy projects on the northern Mediterranean shore access financing at a weighted average cost of capital of 3-5%, against 12-18% on the southern shore (IRENA, 2023). Such sovereign and macroeconomic risks affect financing costs and project viability in ways that project-level risk mitigation alone cannot fully address. Therefore, rather than treating private-sector mobilisation, as a purely project-level challenge, efforts to mobilise private capital also need to be complemented by the macroeconomic and sovereign credit reforms examined under Theme 5. This also explains why much of the innovative financing activity documented here, from Egypt's sovereign green bond to Rwanda's sustainability-linked bond, begins with a sovereign or quasi-sovereign actor establishing credibility that private issuers can subsequently draw on.

Operational constraints and risks

Private sector participation is constrained not only by financial risk but also by project design and implementation challenges. We highlighted in section 3 that in East Africa, procurement bottlenecks, weak coordination and underutilisation of existing assets were identified as constraints climate investment even when financing is available. The RESTORE Africa case in Southern Africa illustrates a different form of operational constraint, where the barrier to sustained household participation was the mismatch between a five-year carbon-payment cycle and households' need for interim income, reflecting a design and sequencing problem rather than simply a lack of capital. Consequently, project design and implementation constraints deserve as much attention as financial de-risking instruments such as guarantees and blended capital. Technical assistance, project preparation support and the coordination mechanisms

examined under Theme 3, are therefore equally important in addressing these constraints alongside financial de-risking.

Weak data systems

Private climate investment is constrained by weaknesses in the information needed to identify, track, assess and price climate-related investments and risks. In North Africa, participants identified the absence of reliable climate and impact data as the primary technical barrier to private investment. They also highlighted the absence of a unified climate finance taxonomy which raises due-diligence costs and makes it more difficult to identify climate-aligned investments. Proposed responses included blockchain for secure, real-time tracking of climate finance flows and AI to support fund allocation. East African evidence points to a related challenge within financial institutions, where climate-related lending is not consistently distinguished from conventional credit and climate considerations are not yet systematically integrated into credit-risk assessment. Even where institutional commitment exists, as illustrated by Centenary Bank Uganda's adoption of ESG policies, translating these commitments into routine lending and risk-assessment practices remains a challenge. There is therefore need for stronger data, classification and assessment systems to support the identification and tracking of climate investments and the integration of climate-related risks into financial decision-making.

4.2.2. What lessons can be drawn from successful cases of private sector participation in climate-related projects?

Technical assistance and institutional capacity are prerequisites, not optional add-ons

Across the cases, we found that finance alone is insufficient to generate sustained private sector participation. The GEFF case demonstrates that its technical cooperation component is central to results. Without it, credit lines risk being underutilised or failing to build the institutional capacity needed for green lending to persist once a facility closes. This is reflected in the EBRD's finding that 90% of training participants rated GEFF courses as very useful or extremely useful (EBRD, 2018; EBRD Independent Evaluation Department, 2026).

Centenary Bank Uganda's early renewable-energy financing struggled for the same reason at institutional level, not for lack of capital, but because the surrounding market lacked the capacity to deliver on projects the bank was prepared to finance. Meeting disbursement targets is not equivalent to achieving systemic change. More durable indicators include whether partner institutions continue to offer green products without ongoing consultant support and whether climate eligibility criteria are embedded in credit manuals and governance structures (EBRD Independent Evaluation Department, 2026), a degree of institutional maturity the Cape Town bond also required, through well-organised municipal governance and compliance monitored by competent technical agents (FSD Africa, 2026).

Successful cases share identifiable design features

Across Egypt's Benban Solar Park and sovereign green bond, Rwanda's sustainability-linked bond, Ethiopia's mini-grid programme, Uganda's clean cooking suite and the Cape Town bond, recurring features include (a) a clear, verifiable revenue or outcome stream investors can underwrite; (b) deliberate sovereign or public signalling that establishes market infrastructure others can subsequently use, enhances credibility, attracts ESG investors, and builds long-term market confidence; (c) blended structures that use concessional capital to shift risk rather than substitute for private capital; and (d) explicit linkage to development co-benefits, such as jobs, food security or water access, that sustain political support beyond the immediate investor

community. East Africa's participants' account of the Mobilising Investment for NDC Implementation programme adds a more granular lesson where successful projects were identified using spatial and economic data to locate opportunities that were simultaneously climate-relevant and commercially viable. Projects were also deliberately linked to income-generating activities capable of supporting long-term revenue streams such as power purchase agreements to strengthen their financial sustainability.

Timing and sequencing of engagement matter as much as the volume of capital

West African evidence that businesses are frequently brought into climate projects only after design and financing decisions have already been made, foreclosing their ability to shape investable project design, points to a governance and process lesson distinct from the volume of available finance. The region's recommendation that private actors be engaged across the full NDC cycle, from policy formulation through implementation, is reinforced by East Africa's finding that demonstration projects, such as Ethiopia's mini-grid pilots, can themselves catalyse the regulatory reform needed to attract further investment.

Affordability mechanisms can expand markets for private investment

Successful private sector participation depends not only on financing suppliers but also on ensuring that consumers can afford climate-related products and services. Where high upfront costs constrain demand, mechanisms such as consumer finance, subsidies and Pay-As-You-Go (PAYGo) arrangements can expand the customer base and strengthen the commercial viability of private provision. Uganda's clean cooking sector illustrates this approach. The Uganda Energy Credit Capitalisation Company uses results-based financing linked to verified outputs such as technology sales or consumer adoption, while consumer financing and PAYGo arrangements spread costs through instalments or usage-based payments (UECCC, 2023). The Higher Tier Cooking Component Uganda complements these approaches by providing subsidies to SMEs to procure and sell high-quality, low-emission and energy-efficient cookstoves, supporting both supplier capacity and consumer affordability (MEMD, 2025). The broader lesson is that where affordability constrains demand, combining supply-side support with mechanisms that reduce or spread consumer costs can help create markets capable of attracting and sustaining private sector participation.

Outcomes-based models can align private returns with public adaptation goals

Outcomes-based financing emerges as a promising approach for mobilising private capital into adaptation activities whose benefits are often public, diffuse and realised over long time horizons, making them difficult to monetise through conventional financial structures. By linking investor returns to measurable and independently verified adaptation outcomes, these models can create a clearer basis for private returns while transferring some performance risk away from the public sector. The Cape Town bond illustrates this potential, with payments linked to verified water-yield outcomes and investors receiving returns following independent verification of results (FSD Africa, 2026; Johannesburg Stock Exchange, 2026). The broader lesson is that where adaptation benefits cannot generate conventional project revenues, financing structures that attach returns to verified outcomes can help convert public adaptation benefits into an investable proposition for private capital.

4.2.3. What innovative financing models can be scaled to unlock greater flows of private capital?

Blended finance is a targeted instrument, not a universal solution

Blended finance can unlock private capital, but its effectiveness depends on where and how concessional finance is deployed. Successful cases show its potential when public or concessional capital is used to address specific risks that prevent otherwise viable investments from attracting commercial finance. At Egypt's Benban Solar Park, every USD 1 of public concessional finance mobilised USD 3.50 of private investment, while WAICSA's use of first-loss public tranches helped activate commercial banks and microfinance institutions across six West African countries (Climate Finance Lab, 2019). These experiences suggest that blended finance is particularly relevant where projects are close to commercial viability but require targeted risk mitigation to attract private capital. It may be less appropriate for essential public goods or projects with limited prospects for commercial returns, where concessional structures could create distortions if misapplied. The key lesson is therefore to use concessional capital strategically to address specific risks and crowd in private investment, rather than as a substitute for private capital or a universal solution to financing gaps.

Financing instruments must be matched to enterprise scale and sector characteristics

A recurring constraint is the mismatch between how climate finance is structured and the financing needs, scale and operating models of different private-sector actors. Smaller enterprises, cooperatives and other locally rooted actors can be excluded where ticket sizes, eligibility requirements and financing conditions are designed primarily for larger financial institutions or firms. This is illustrated by Sebei Farmers SACCO in Uganda, where climate finance initiatives channelled through large commercial banks can remain inaccessible to smaller financial institutions unless ticket sizes and conditions are deliberately adjusted. Financing needs also vary across sectors and different stages of the value chain, requiring different combinations of investment capital, working capital, results-based finance and affordability mechanisms. Uganda's clean cooking sector, for example, combines results-based financing for technology adoption, working-capital facilities for enterprises, and Pay-As-You-Go and subsidy mechanisms to address consumer affordability (UECCC, 2023; MEMD, 2025). Similarly, evidence from Southern Africa shows how modular business models that bundle infrastructure with operations, maintenance and training can create more predictable revenue streams than stand-alone infrastructure investments. Overall, these examples suggest that expanding private-sector participation requires financing structures that are differentiated by enterprise scale, sector characteristics and position within the value chain, rather than applying standardised instruments across diverse actors and activities.

In sum, mobilising private capital for climate action in Africa is not primarily a matter of designing cleverer financial instruments. It requires strengthening the institutional, data and governance foundations on which any instrument depends; matching the scale and design of that instrument to the sovereign risk environment and the specific enterprises it is meant to reach; and sequencing private-sector engagement early enough in the NDC cycle that projects are designed to be investable from the outset rather than retrofitted for investment after the fact.

4.3. Capacity Building for Climate Finance Mobilisation and Implementation

The capacity to access, absorb, and deploy climate finance is as critical as the availability of finance itself. This proposition, while seemingly self-evident, is frequently overlooked in the global climate finance architecture, which tends to prioritise the volume of financial flows over the institutional readiness of recipients (Tamasiga et al., 2023). The dialogues converge on the diagnosis that in Africa, despite the growth in climate finance commitments to the continent, a significant proportion of available resources remains untapped because national and regional institutions lack the technical competencies, project preparation expertise, and institutional infrastructure required to transform climate commitments into bankable investments. The concept introduced during the North African convening, that Africa's constraint lies not only in attracting resources but equally in countries' capacity to absorb and deploy finance already available, is corroborated by East African evidence that only around 23% of Africa's estimated USD 190 billion annual NDC financing need was mobilised as of 2022, and by the near-universal finding that accreditation to international funds does not by itself translate into increased absorption when project preparation capacity remains weak.

Like we did in section 3, in this theme, we also view capacity from three levels i.e., macro, meso, and micro levels. At the macro level, national and regional institutions oftentimes lack the policy frameworks, coordination mechanisms, and strategic planning capacity required to align climate finance with development priorities. At the meso level, financial intermediaries such as commercial banks, microfinance institutions, and development finance institutions also lack the technical expertise to appraise climate-related investments, price associated risks accurately, or design appropriate financial products. And at the micro level, most smallholder farmers, agri-SMEs, and local communities also lack the awareness, technical knowledge, and organisational capacity to access and effectively utilise climate finance. It is against this background that we synthesise the evidence we produced in section 3.

4.3.1. What capacity-building models at macro, meso, and micro levels are showing results?

Durable capacity requires simultaneous investment at macro, meso and micro levels

The most promising capacity-building models are those that strengthen capabilities across macro, meso and micro levels simultaneously and create linkages between them. At the macro level, institutional capacity is needed to access, coordinate and govern climate finance; at the meso level, financial institutions and technical intermediaries are needed to translate finance into viable pipelines and support implementation; while at the micro level, local governments, enterprises and communities require the capabilities to access, manage and deploy finance effectively. The key lesson is therefore not simply that capacity is needed at all three levels, but that weaknesses at any one level can constrain the effectiveness of the others.

This is reflected in WAICSA, where EBID's Green Climate Fund accreditation provides an institutional platform for accessing climate finance, its Technical Assistance Facility strengthens the capabilities of local financial institutions, and its conditioned concessional loans build capacity at the micro level while doubling as a built-in monitoring mechanism (Green Climate Fund, 2025; EBID, 2025; Climate Finance Lab, 2019). A similar multi-level architecture is evident in East Africa, where national climate finance institutions are complemented by regional technical centres such as the East African Centre for Renewable Energy and Energy Efficiency and local financing and implementation mechanisms such as FLLoCA. Durable capacity therefore, is more likely to emerge from connected systems of institutions and capabilities

across levels than from stand-alone training or capacity-building interventions targeted at individual actors.

Accreditation is necessary but not sufficient for absorption

Accreditation of national and regional institutions as Direct Access Entities can boost climate finance access by reducing reliance on international intermediaries, transaction costs and information asymmetries (Green Climate Fund, 2025; EBID, 2025). However, accreditation does not automatically translate into greater mobilisation or absorption of climate finance. The effectiveness of Direct Access Entities depends on complementary institutional capabilities, particularly the ability to prepare bankable projects, credible project pipelines, coordinate across institutions and sustain implementation over time. EBID illustrates the potential of Direct Access Entity accreditation to provide a more direct route to Green Climate Fund resources (Green Climate Fund, 2025; EBID, 2025), yet at the same time, evidence from East Africa shows that accredited institutions may still struggle to convert this access into increased finance where project preparation capacity remains weak. Governance and institutional continuity are equally important. Frequent restructuring, changing mandates and the absence of permanent climate finance functions can erode institutional knowledge and disrupt implementation. Therefore, while accreditation can lower the costs and institutional barriers to accessing climate finance, but its benefits depend on the capacity and governance systems needed to translate direct access into viable projects and sustained implementation.

Regional and sub-national institutions perform an indispensable peer-learning function

Regional, sub-national and other intermediary institutions play an important role in addressing capacity constraints that individual institutions may struggle to overcome alone. By pooling technical expertise, facilitating peer learning and coordination, and reducing the costs of accessing specialised knowledge, they can help build capabilities across institutions and sustain them beyond individual projects or training interventions. Regional bodies such as COMESA, IGAD and the East African Community, together with technical centres such as the East African Centre for Renewable Energy and Energy Efficiency, illustrate this role by supporting countries facing similar climate finance challenges. Burkina Faso's WASCAL model extends this approach through embedded technical advisers within government institutions, allowing expertise and institutional learning to be built over time rather than through one-off training. Similar coordination functions can also be institutionalised nationally; proposals from North Africa for harmonised climate finance secretariats or 'single-window' arrangements, and Libya's National Climate Strategic Framework, illustrate approaches to consolidating fragmented expertise and coordination. These models suggest that capacity-building is more durable where mechanisms exist to pool expertise, facilitate learning and coordination, and retain institutional knowledge over time.

4.3.2. How can academia, think tanks, and civil society contribute to strengthening climate finance capacities?

Academia, think tanks and civil society strengthen climate finance capacity through distinct but complementary functions. Universities and research institutions provide technical expertise and professional training, think tanks translate research into policy and financing decisions, while civil society connects these processes to community-level implementation, engagement and accountability. Overall, the evidence suggests that climate finance capacity can be strengthened by linking research and technical expertise with policy translation, practical skills development, community engagement and accountability. WAICSA's Ad Hoc climate-smart agriculture (CSA) Expert Panel, for example, brings together research institutions to translate climate-smart

agriculture knowledge into the loan conditionality frameworks underpinning its financing (Climate Finance Lab, 2019). Ghana's Kasa Initiative similarly demonstrates the value of positioning civil society as a strategic partner in programme design and accountability rather than only as an implementer, while Libya's Environment without Borders model combines university-based scientific expertise with civil society-led community engagement. East African participants added a practical dimension, noting that the high cost of proposal preparation, which can exceed USD 100,000 for a single large climate finance proposal, points to an important role for universities in equipping students with practical proposal-development skills.

4.3.3. What mechanisms can ensure that capacity building is sustained, scalable, and aligned with Africa's development priorities and just transition pathways?

Sustained capacity building requires long-term institutionalisation

Capacity building is more likely to be sustained when it is integrated into financing and institutional processes rather than delivered through stand-alone training. WAICSA illustrates this approach by embedding its Technical Assistance Facility within the same institutional structure as its Financing Facility, making capacity building part of the process of accessing finance rather than a peripheral add-on (Climate Finance Lab, 2019; Green Climate Fund, 2023). However, embedding technical assistance within financing does not by itself guarantee durability. Concerns about short-term training interventions remain, as five-day training events are unlikely to develop or retain the institutional competencies required to change financing practices over time (Green Climate Fund, 2026). Evidence from West and North Africa points to the need for permanent institutional mandates, dedicated budgets, multi-year and modular technical assistance, and continuous professional development rather than isolated workshops. The broader lesson is that sustained capacity depends not simply on training individuals, but on institutionalising knowledge, resources and responsibilities so that capabilities persist beyond individual programmes and personnel.

Scalability depends on capacity and institutional context

Scalability of capacity-building models cannot be assumed from their success in relatively higher-capacity settings. In other words, where models are tested primarily in stronger institutional environments - as is often administratively convenient -, scaling them without adapting the level and duration, of support risks reproducing existing capacity inequalities rather than addressing them. WAICSA illustrates this challenge: the six-year gap between its 2019 endorsement and 2025 pilot launch has limited the evidence available on its effectiveness, while its six pilot states are among the region's more institutionally developed. The resulting evidence may therefore understate the resources and institutional support required to extend the model to lower-capacity and more climate-vulnerable settings, particularly in the Sahel.

Success should be measured against implementation outcomes, not activity

The effectiveness of capacity building is better assessed by whether it strengthens climate finance mobilisation and implementation than by the number of trainings or other activities delivered. East African participants' proposal for an East African Climate Finance Capacity Compact reflects this shift, proposing to measure success through finance mobilised, projects funded, jobs created and gender inclusion achieved rather than training workshops delivered. The broader lesson is that capacity building is a means to an end, and its success should therefore be assessed against the financing and development outcomes it is intended to enable.

From the above analysis, we see that closing Africa's climate finance absorption gap requires simultaneous investment at macro, meso and micro levels; institutional designs that embed capacity building within financing conditionality rather than delivering it as a stand-alone activity; deliberate use of academia, think tanks and civil society as complementary partners; attention to capacity and institutional context when replicating capacity-building models; and governance reforms that address the coordination weaknesses limiting the durability of any single technical intervention.

4.4 Regional Enablers of Climate Financing

Individual African countries, especially those with smaller economies, weaker institutional capacity and higher vulnerability, struggle to attract the volume of investment required to implement their NDCs. The evidence gathered across all four convening regions and the four case studies examined under this theme demonstrates that Regional Economic Communities and regional initiatives can meaningfully close the scale mismatch between international climate finance and national absorption capacity, but that this contribution is neither automatic nor uniform across the continent.

4.4.1. Is there a need for regional pathways towards NDC implementation, and how can RECs act as building blocks for national financing?

RECs perform an aggregation function individual countries cannot replicate alone

Regional approaches can strengthen national NDC financing by aggregating projects, markets and financing needs across countries to achieve a scale that individual economies may struggle to reach independently. This can create larger and more diversified investment opportunities that are better aligned with the scale at which international and institutional capital operates. SURAGGWA illustrates this by bringing interventions across eight Sahelian countries into a single GCF-approved regional portfolio (Green Climate Fund, 2025), while Southern Africa's regional power pools and shared water systems demonstrate the value of aggregating investments around cross-border infrastructure. TERAMED similarly seeks to create sufficient depth in Mediterranean clean-energy markets to attract institutional investors (Ember, 2024; IRENA, 2024). Finally, FSD Africa's role as a whole-ecosystem climate finance mobiliser across East Africa's green bond markets, and its Carbon Accelerator Programme for the Environment, illustrate the same logic operating through technical intermediation rather than a pooled financing vehicle (FSD Africa, 2025).

REC effectiveness is uneven, and regional pathways should not assume uniform functionality

The effectiveness of regional approaches depends on the strength and functionality of the institutions through which they operate. RECs differ considerably in their capacity to coordinate policy, harmonise regulatory frameworks and facilitate cross-border investment, meaning that a single model of regional integration cannot be applied uniformly across the continent. North African participants, for example, contrasted the relative functionality of ECOWAS with the historical fragmentation of the Arab Maghreb Union. Where formal regional institutions are weaker, bilateral and thematic cooperation can provide alternative or complementary pathways, as illustrated by Moroccan financial institutions' South-South investment in West Africa and FSD Africa's technical support to green bond markets in Kenya and Tanzania despite the absence of a fully harmonised regulatory framework (FSD Africa, 2025). The BEAC Green Window further illustrates why the existence of a regional mechanism should not be equated with demonstrated effectiveness. Developed with the Central African Banking Commission and aligned with

Network for Greening the Financial System guidance (Financial Afrik, 2025; NGFS, 2022), the mechanism is institutionally promising but remains forward-looking, with its effectiveness in mobilising climate finance yet to be demonstrated in practice (Financial Afrik, 2025; EcoMatin, 2025). Consequently, regional pathways should be designed around existing institutional capacity, with bilateral, thematic and technical cooperation providing complementary routes where formal regional integration remains weak.

Regional aggregation can reduce perceived risk and the cost of capital

High financing costs are driven partly by risk perceptions that may not fully reflect underlying project fundamentals. Regional institutions can help reduce perceived risk premiums by creating larger investment pools, harmonising frameworks, and providing shared data and risk-pooling mechanisms that individual countries may lack the scale to develop independently.

Participants across Eastern, Northern and Southern Africa highlighted substantial differences in the cost of capital between African and comparable European investments, with North African participants citing rates of up to 25% compared with approximately 8% in Europe. Regional aggregation can help address this constraint by pooling projects and markets, harmonising standards and generating shared information that allows investors to assess opportunities beyond individual country risks. TERAMED illustrates this potential through common goals and cross-border grid-access codes that seek to create a larger and more integrated investment market (Medinilla, 2025), addressing a substantial financing divide, where the weighted average cost of capital is estimated at 3–5% on the northern Mediterranean shore compared with 12–18% on the southern shore.

Aggregation gains must still cascade to the national and local level

The benefits of regional aggregation do not automatically reach national and local actors. Southern African participants cautioned that finance mobilised or pooled at REC level can remain concentrated at the regional or national level unless deliberate mechanisms are established to channel it further to sub-national institutions and communities. Regional mechanisms should therefore be understood as one part of a multi-level financing architecture, connecting international capital with national institutions and, ultimately, the sub-national and community-level financing mechanisms examined under Theme 1. Regional aggregation can strengthen mobilisation, but it cannot substitute for the institutional and financing channels needed to ensure that resources reach the actors responsible for implementation.

4.4.2. What opportunities exist for RECs and regional initiatives to attract blended finance, foster regional carbon markets, or support collective negotiations with MDBs and donors?

Blended finance operates through RECs the same way it operates nationally

Regional initiatives provide a platform for deploying blended finance across multiple countries, combining the benefits of aggregation with targeted risk mitigation. SURAGGWA's deployment of GCF grants as a concessional, risk-mitigating tier lowers entry barriers for co-financing partners in a region where private capital represents less than 2% of tracked adaptation flows (GCF, 2025). WAICSA's blended finance model shows the same logic at sub-regional scale, pairing a Financing Facility with a Technical Assistance Facility and using first-loss public tranches to activate commercial banks and microfinance institutions across six West African countries (Climate Finance Lab, 2019). In both cases, concessional capital shifts risk at the margin rather than substituting for private capital.

Regional cooperation can overcome capacity and scale barriers to carbon market participation

For countries with limited domestic carbon-market infrastructure, regional approaches can pool the technical capacity, data systems and investment needed to establish credible market infrastructure that may be costly or difficult to develop independently. This is particularly relevant for MRV systems and registries, where common regional infrastructure can reduce duplication while supporting the integrity and scale required to access international carbon markets. The WAEMU regional carbon-pricing feasibility study, for example, found that most West African countries, except for Ghana, Togo and Sierra Leone, lack the MRV infrastructure required to implement domestic carbon pricing independently (UNFCCC, 2024). Pooling resources to develop shared, high-integrity MRV infrastructure could help address this constraint (Brunner & Enting, 2014) and provide initiatives such as SURAGGWA, which targets 65 million tonnes of CO2e sequestration, with a more credible pathway to international buyers under Article 6 of the Paris Agreement (GCF, 2025b).

Regional platforms can strengthen collective bargaining power

Regional cooperation can strengthen countries' negotiating position with MDBs, donors and investors by combining evidence, representation and financing needs that may carry less weight when presented individually. FSD Africa's Landscape of Climate Finance in Africa reports, produced with the Climate Policy Initiative, illustrate the role of shared evidence in quantifying financing gaps and strengthening the basis for engagement with international funders. Collective representation provides a complementary mechanism: through the Pan-African Agency of the Great Green Wall and the Food and Agriculture Organization, SURAGGWA enables eight Sahelian least-developed countries, individually constrained by low credit ratings (Ameli et al., 2021), to pursue concessional and grant-heavy adaptation finance collectively, against a wider context in which 51% of tracked climate finance to Africa is debt-based (GCF, 2025). Regional risk pooling can further expand the range of financing instruments available, including mechanisms such as debt-for-environment arrangements that can reduce debt burdens while financing environmental action (Quevedo et al., 2022). In Central Africa, the proposed BEAC Green Window could similarly provide a platform for CEMAC countries to present consolidated climate-project portfolios and engage collectively with the Green Climate Fund, African Development Bank, World Bank and private investors.

Institutional governance quality determines whether aggregation mechanisms deliver

The effectiveness of regional aggregation depends not only on the ability to mobilise and pool finance, but also on the institutional arrangements through which those resources are governed and deployed. The BEAC Green Window's experience illustrates that mobilising financial resources through a regional mechanism is not, by itself, sufficient to ensure that mechanism's effectiveness; impact also depends on clear regional governance, a harmonised green taxonomy, project bankability and transparent accountability arrangements (Financial Afrik, 2025; NGFS, 2022).

In summary, regional aggregation is a valuable, but not automatic, contribution to closing Africa's climate finance gap. It works best where it performs functions individual countries structurally cannot, pooling scale, risk and negotiating power, and where it is matched by credible regional governance and a deliberate cascade back to national and community-level implementation, rather than treated as a self-sufficient substitute for either.

4.5. Reforming the Climate Finance Architecture for Equity, Accountability and Impact

The reform findings demonstrate that Africa's climate finance constraint is not simply a shortage of pledged resources but a structural feature of a global financial architecture whose governance structures, incentive frameworks and accountability mechanisms were designed for a different era and a different set of priorities (Ciplet et al., 2013; Khan et al., 2020; Purdon, 2024). Reform is needed simultaneously at the level of the global financial architecture and within domestic institutions, and the specific instruments used to pursue reform, including debt-for-nature swaps, must be evaluated against what they actually deliver rather than how they are announced.

4.5.1. What governance reforms are needed to ensure accountability and equity in climate finance allocation?

Reform the global financial architecture

The cost of capital for climate investment in Africa remains double that for non-African peers with identical credit ratings, a gap rooted in the design of the global financial system itself (UNCTAD, 2025; Bougrea & Gate, 2025; Mutize, 2025). The African Group of Negotiators has called for measures such as rechannelling Special Drawing Rights through Multilateral Development Banks, advancing the G20's Capital Adequacy Framework for MDBs, and reforming credit rating practices and IMF lending policies, alongside a United Nations Convention on Sovereign Debt to codify principles for fair, transparent and inclusive debt restructuring (African Union, 2025; AFRODAD, 2022). As articulated at COP30's Africa Day, the continent needs reformed global finance systems that deliver fast, fair and fit-for-purpose finance focused on grants and highly concessional public finance (African Union, 2025; UNECA, 2025), but the regional findings below make clear that this global agenda must be pursued in parallel with, not instead of, domestic institutional reform.

Reform the terms and instruments of climate finance

More finance delivered on the wrong terms can worsen, rather than resolve, the problem it is meant to address. More than half of climate finance to least-developed countries arrives as concessional loans rather than grants, and Africa's external debt stood at USD 685.5 billion as of 2023, with debt service projected to reach USD 88.7 billion in 2025, more than the continent's total annual climate finance (UNCTAD, 2025). Adom et al. (2024) show what this looks like in practice. Green loans are frequently tied to policy reforms and fiscal discipline conditions that prioritise investor confidence over community wellbeing, pushing Kenya's debt above 70% of GDP and arriving in Ghana with IMF supervision clauses that restrict domestic policy flexibility (AFRODAD, 2022). The COP29 New Collective Quantified Goal, a minimum floor of USD 300 billion per year by 2035 and an aspirational goal of USD 1.3 trillion annually, explicitly recognised this composition problem in its decision text (UNCTAD, 2025; UNFCCC, 2024); without systemic reform of the kind examined here, strategies to reach that goal risk repeating the failures of past pledges.

Reform credit rating systems and debt sustainability frameworks

The opaque and often subjective methodologies used by credit rating agencies have been estimated to cost African nations over USD 75 billion annually in additional interest payments and forgone funding, equivalent to roughly 80% of the continent's annual infrastructure investment needs (UNCDF, 2025; UNDP, 2023). North African participants' call for credit rating

reform based on local data and quantifiable measures, rather than perception-based risk assessments, echoes this African Group demand at the global level (African Union, 2025; AFRODAD, 2022), and is consistent with the Theme 4 finding that regional rating agencies and pooled risk data can help correct the mispricing of African risk. Regional correctives alone, however, cannot fully offset a globally mispriced baseline.

Reform MDB governance and operations

MDBs remain constrained by their traditional originate-and-hold lending model and the imperative to maintain AAA credit ratings (Bougrea & Vermeiren, 2025; T20 South Africa, 2025). Recent G20 reform discussions, including the Capital Adequacy Framework review, have focused on optimising MDB balance sheets, but reform must be linked to standardised, locally led adaptation finance metrics if it is to enhance both capital mobilisation and resilience outcomes (T20 South Africa, 2025; Bougrea & Gate, 2025). The African Development Bank and Green Climate Fund's expansion of fast-track accreditation, allowing the GCF to rely on due diligence conducted by MDBs, is welcome but incremental (NDC Partnership, 2025). More ambitious reform, including tripling MDB lending capacity and prioritising adaptation finance, which remains peripheral in most reform debates, is still needed.

Reform climate fund access and governance

The findings point to the need to reform the governance arrangements that determine how resources are allocated and accessed. A striking convergence across the Northern African and Southern African findings is the proposal to separate policy oversight from allocation and implementation, whether through independent, multistakeholder boards modelled on the GEF Small Grants Programme, or through dedicated institutions such as a National Climate Finance Readiness Unit or a centralised Carbon Market Office. Concentrating both functions within the same political institutions creates opportunities for delay, capture and inconsistency that separated governance is designed to reduce. This applies with equal force to the GCF and other multilateral funds, which must empower Direct Access Entities and enhance transparency to avoid reinforcing the Global North-Global South power imbalances they were created to redress, and to the Fund for Responding to Loss and Damage established at COP28, whose governance must likewise ensure equitable access, simplified procedures and swift disbursement grounded in country ownership. Reform initiatives such as the Bridgetown Initiative, the V20 Accra-Marrakech Agenda and the Paris Pact have acknowledged these systemic issues but fall short of addressing the gender inequalities and social disparities that also shape access, underscoring that reform must address the distributional consequences of how finance is allocated, not only the macro-level architecture (Grown et al., 2024; Purdon, 2024; Ciplet et al., 2013).

Reform domestic governance and embed transparency within public financial management

West African, Southern African and Northern African findings converge on climate budget tagging, national green taxonomies and standardised NDC-aligned indicators as more durable transparency mechanisms than parallel, donorspecific reporting systems. Uganda's Climate Finance Unit, which has coordinated climate finance flows, developed a National Climate Finance Strategy and a National Green Taxonomy, and applied the NDC Partnership's Project Checklist to strengthen its national pipeline of bankable projects, illustrates this principle domestically (NDC Partnership, 2025), while the Brazil Platform for Climate Investments and Ecological Transformation offers a comparable, non-African example of a country platform anchored in national priorities and strong governance arrangements (NDC Partnership, 2025). Transparency built into the machinery of domestic public finance is more likely to persist beyond

individual donor relationships than transparency imposed as a condition of a specific grant or loan, and global reforms of the kind examined above will be insufficient without these parallel domestic reforms, since financing justice, as much as higher financing volumes, depends on transparent domestic tracking systems.

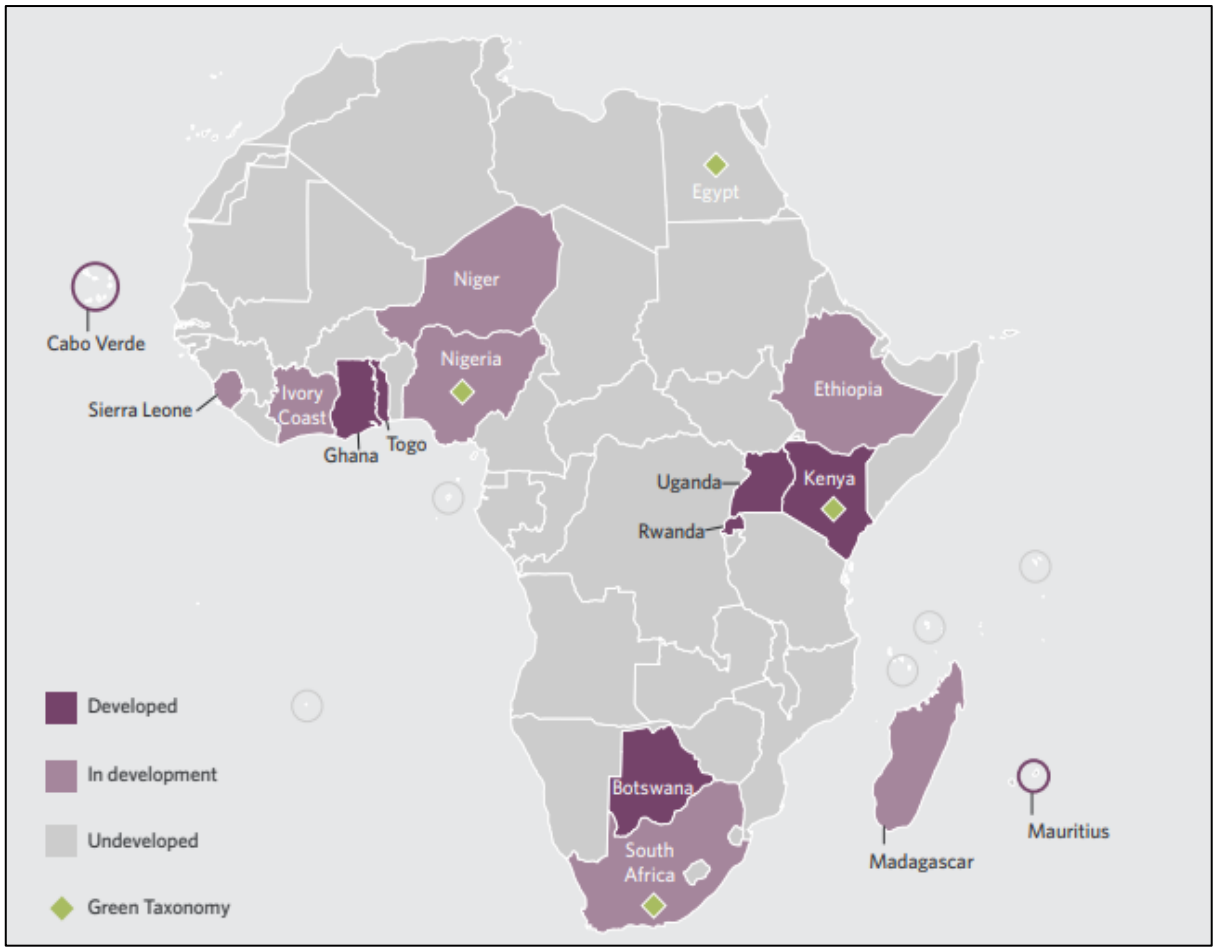


Figure 18: State of Climate Budget Tagging and Green Taxonomy in Africa. Source: CPI, 2024.

4.5.2. How can transparency mechanisms be embedded in NDC finance tracking, and what do the region's debt-for-nature swaps reveal about the design of reform?

Debt-based reform instruments require scrutiny of their counterfactual and sovereignty implications

The Seychelles and Gabon debt-for-nature swaps together demonstrate that instruments marketed as reform mechanisms should be assessed against independently verified outcomes rather than transaction announcements. Seychelles' swap did not reduce sovereign debt and secured conservation commitments only marginally beyond what the government had already independently pledged (Hunt & Hilborn, 2025). Gabon's swap delivered real but modest net fiscal relief once the cost of political risk insurance is accounted for (Roy & Walsh, 2023; The Nature Conservancy, 2023).

Across Africa more broadly, the fiscal impact of these instruments is uneven and often modest. The continent's debt-for-nature swap activity represents 22% of global debt-swap transactions but accounts for less than 0.1% of Africa's total external debt (Afronomicslaw, 2025; ORF, 2026).

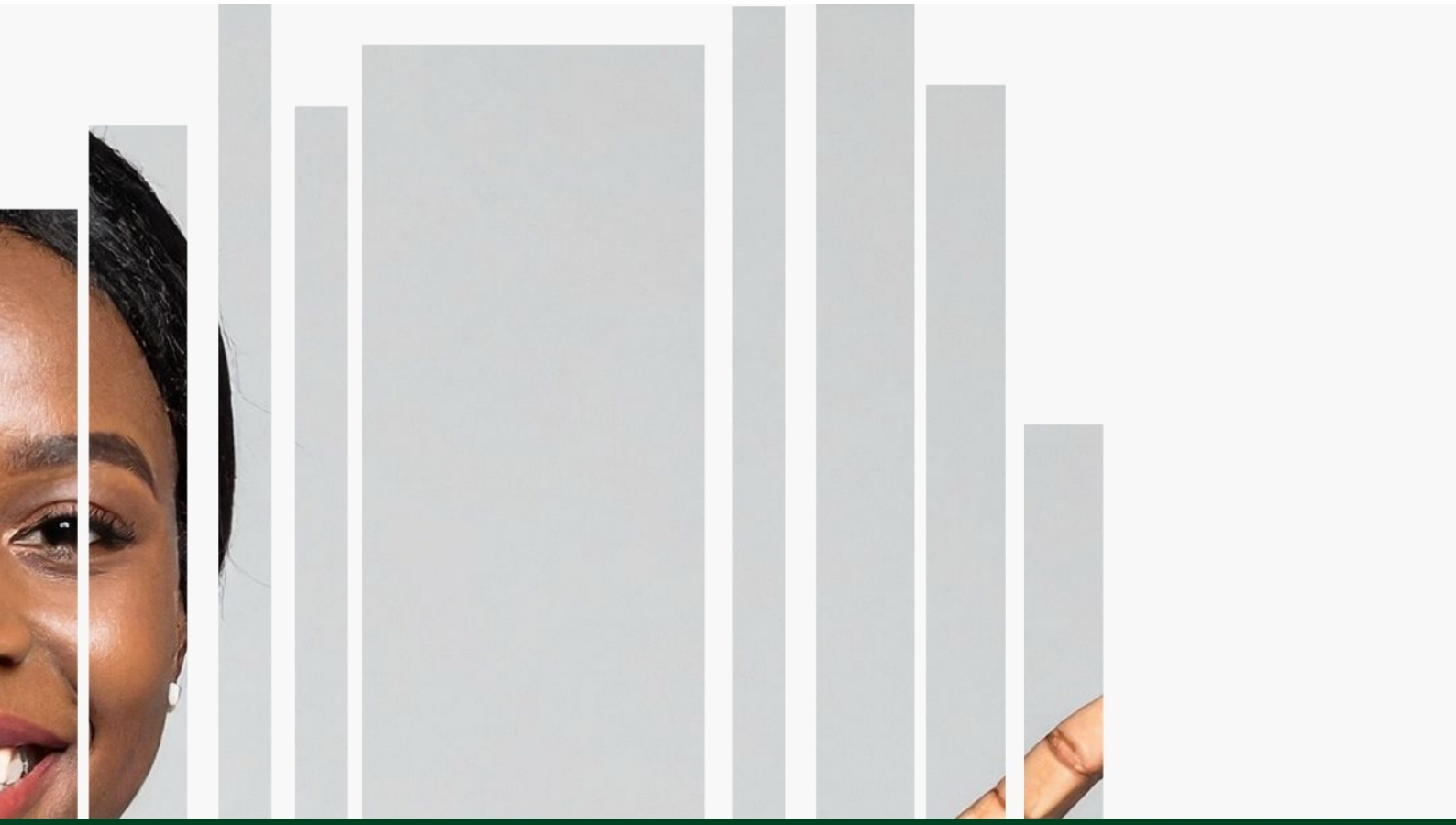
In both cases, transactions were structured predominantly by international actors with limited documented domestic consultation, echoing the Northern African finding that debt-for-nature swap governance across Africa is characterised by a participation deficit, with most respondents in a 2025 survey reporting their countries lacked agency in negotiations (Afronomicslaw, 2025).

Fiscal relief and sovereignty protections need to be independently verified and contractually secured, not assumed from a transaction's stated intent, and such instruments must not externalise control over national resources or impose new conditionalities (Purdon, 2024; AFSDJN, 2023). Risk pooling of the kind we examined under Theme 4 could enable a more equitable variant, in which sovereign debt is written off in exchange for certified environmental action without a net burden on debt service (Quevedo et al., 2022).

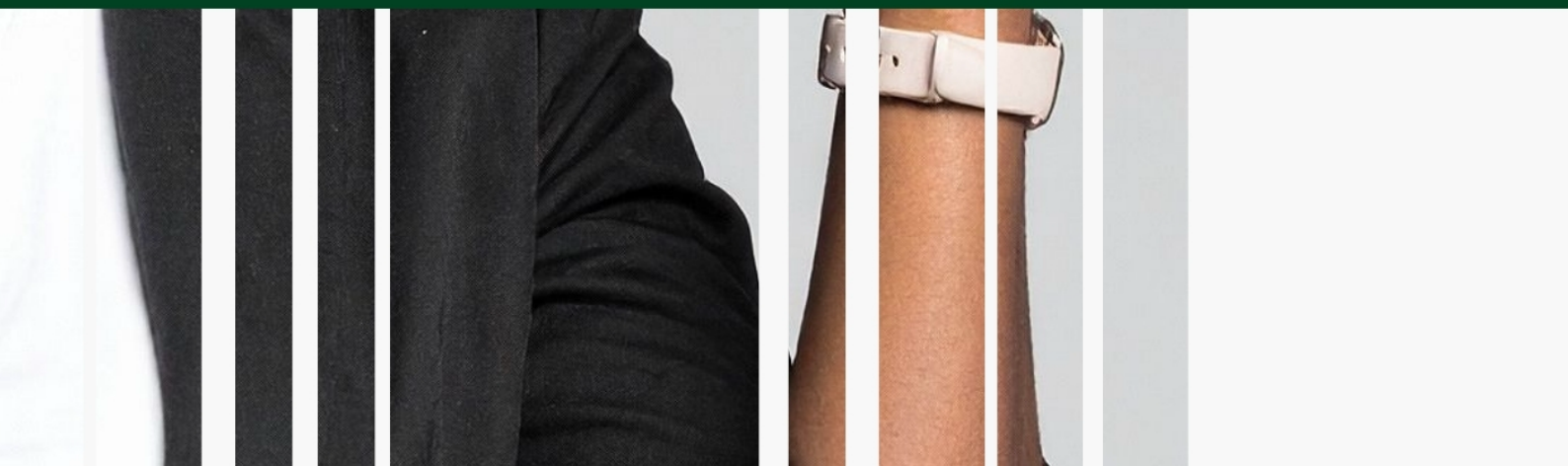
External accountability mechanisms can substitute for weak domestic ones, but should not be relied on indefinitely

The Northern African finding that donor and MDB reporting requirements sometimes provide stronger transparency than domestic systems alone is an uncomfortable but important lesson. In the near term, external reporting obligations can act as a *de facto* accountability backstop where domestic public financial management remains weak. This should not be read as a substitute for the domestic transparency reforms identified above. It underscores the urgency of building domestic systems capable of providing that accountability independently, consistent with the broader argument of this report that country ownership and structural reform, not simply increased financial volume, will ultimately determine whether Africa's climate finance architecture serves the countries and communities it is meant to support.

In summary, reforming Africa's climate finance architecture requires simultaneous action on the terms and composition of finance, not only its volume; the governance of credit rating practices, MDBs and multilateral climate funds; the separation of policy oversight from allocation and implementation; the embedding of transparency within domestic public financial management; and rigorous, independently verified scrutiny of the specific instruments used to pursue reform. Architectural reform without domestic institutional capacity will not translate into implementation, just as domestic reform without architectural change will continue to operate within a system that structurally disadvantages African borrowers.



5.CONCLUSION AND RECOMMENDATIONS



5.1. Conclusion

Africa's climate finance challenge is not just one of insufficient finance. The findings of this report point to a deeper mismatch between the continent's climate and development needs and the way climate finance is mobilised, structured, accessed and deployed. Although climate finance flows to Africa have grown, they remain far below estimated needs, heavily dependent on public and external sources, concentrated in a relatively small number of countries and sectors, and shaped strongly by the availability of bankable and revenue-generating projects. As a result, where finance flows does not necessarily correspond to where climate vulnerability or development need is greatest.

These challenges are also highly differentiated across Africa. Financial-market depth, sovereign and macroeconomic conditions, institutional capacity, project pipelines and governance vary substantially across countries and sub-regions. The evidence therefore cautions against searching for a single African climate finance model. Approaches that work in one context cannot simply be transplanted elsewhere; what is more transferable are the underlying conditions that enable them to work.

Read individually, the previous sections diagnose Africa's climate finance gap, its scale, its regional variation, and the mechanisms behind it, from a series of different angles. Read together, four patterns recur across every section, cutting across the report's five thematic pillars in ways no single section states on its own. These patterns, more than the individual findings that produced them, are the report's central argument.

Bankability, not vulnerability, is what actually determines the allocation of finance

The first pattern is the persistent disconnect between where climate finance is most needed and where it ultimately flows. At a continental level, Africa receives around 2% of global climate finance despite contributing less than 4% of global emissions and facing among the highest climate vulnerability in the world. We showed in section 2 how within the continent, ten economies capture approximately 46% of gross flows while the ten most climate-vulnerable countries receive just 11%. The same logic recurs at sub-continental scale, where Northern Africa absorbs more than a third of all continental mitigation finance despite mitigation representing only 22% of its own costed needs, because utility-scale solar projects such as Benban and Noor are bankable in a way the sub-region's own, more cross-cutting needs profile is not. It recurs again in the private-sector findings, where instrument design tracks sovereign risk rather than need, and in the architecture-reform findings, where credit rating agencies price perceived risk rather than documented vulnerability, feeding into the higher borrowing costs that constrain African governments' own fiscal space for climate action. The result is a self-reinforcing pattern in which countries, sectors and projects already better positioned to attract finance become more investable, while those with high climate vulnerability but weaker financial conditions remain underserved.

The financing gap is a scale-mismatch problem that repeats at every level

The second is that financing solutions are not always designed to match the scale at which financing constraints arise. Individual community-level projects are too small to justify the institutions needed to sustain them, which is why the decentralisation findings call for embedded programmes rather than standalone projects. Individual enterprises are too small for standard financial instruments, which is why the private-sector findings call for instruments matched to enterprise scale. Individual countries are too small to negotiate with multilateral development banks, participate credibly in carbon markets, or attract capital at the scale international investors seek, which is why the regional-enablers findings call for aggregation

through RECs. Read in sequence, decentralisation and regional aggregation can look like they pull in opposite directions, one pushing finance down toward communities, the other pulling it up toward regional pools. Read together, they are the same design principle, matching the level of intervention to the level at which a given constraint actually binds, applied at different points on one chain. The evidence is explicit that neither substitutes for the other, since aggregation gains that do not cascade back to the national and community level simply reproduce the original problem at a different scale.

Institutional and governance quality is a binding constraint throughout

The third pattern, and arguably the report's single strongest finding, is that institutional and governance quality, not just the volume of finance pledged, is the binding constraint throughout. Decentralising finance to local institutions carries a documented risk of increasing corruption in weakly governed settings, since it introduces new resources to be contested and diverted (Wang & Njangang, 2025). Country-level platforms consolidating private finance, such as Benin's IMF-supported climate finance platform, depend on macro-fiscal credibility and can underperform where it is absent. Regional mechanisms can be well designed on paper and still remain unproven in practice, as the BEAC Green Window illustrates, while others function and others do not for reasons of institutional governance rather than instrument design, as the contrast between a relatively functional ECOWAS and a historically fragmented Arab Maghreb Union shows. And the architecture-reform findings converge on governance reform, separating policy oversight from allocation, embedding transparency in domestic public financial systems, reforming credit rating practices, as the precondition for the other reforms in this report to hold. As our regional evidence provided, closing Africa's climate finance gap depends as much on institutional and governance capacity as on the volume, or even the structure, of the finance made available.

Climate finance can compound the vulnerability it is intended to address

The fourth is that climate finance, as currently structured, risks compounding the vulnerability it is meant to address by deepening fiscal fragility and directing insufficient finance towards critical adaptation investments. Debt-distressed countries devote 36-43% of the climate finance they receive to servicing existing debt rather than deploying it (CPI, 2024), while separate estimates suggest that more than half of all climate finance arriving in Africa takes the form of debt rather than grants (Tax Justice Network Africa, 2025). The two measures are not directly comparable, but both describe the same pattern of debt-denominated finance compounding fiscal fragility rather than relieving it. The Seychelles and Gabon debt-for-nature swaps, the two African transactions of this kind with the most substantial independent scrutiny, showed that instruments explicitly designed to ease this burden delivered fiscal relief that was real but modest in Gabon's case, and did not reduce sovereign debt at all in Seychelles', while being structured predominantly by international actors with limited documented domestic consultation.

Additionally, the continent's climate vulnerability generates substantial adaptation and resilience needs, particularly in responding to drought, flood and heat impacts on agriculture, water and health, as documented throughout Section 1. Yet mitigation still accounts for 64% of NDC-costed financing needs against 36% for adaptation, an artefact partly of how NDCs are designed rather than of actual risk (mitigation targets are typically mandatory while adaptation targets are not). This imbalance is reinforced in the allocation of climate finance, which continues to favour bankable, revenue-generating investments that can attract private capital and support debt financing, characteristics more commonly associated with mitigation. Many adaptation investments, by contrast, do not generate direct financial returns and are therefore

more difficult to finance through conventional debt and private investment. Consequently, climate finance can reproduce vulnerability not only through its debt implications, but also by systematically underfinancing the investments needed to build resilience among the countries, sectors and communities most exposed to climate impacts.

These four cross-cutting patterns have several implications for the five thematic areas examined in this report.

First, **increasing the volume of climate finance is necessary, but insufficient**. How finance is structured, allocated and governed matters equally. Debt-heavy finance can compound existing fiscal pressures, while financing models designed around commercially viable projects are often poorly matched to adaptation, resilience and locally led investments that generate substantial social and economic benefits but limited direct financial returns. Climate finance therefore needs to become more differentiated, with instruments and terms matched to the characteristics of countries, sectors, projects and beneficiaries.

Second, **access is fundamentally an institutional issue as well as a financing issue**. Complex accreditation and approval processes, fragmented mandates, weak project preparation, limited data and technical capacity, and long financing chains constrain the ability of countries and local actors to convert available resources into implementation. Improving access therefore requires both reforming the channels through which finance moves and strengthening the institutions that receive and deploy it.

Third, **localising finance requires more than moving finance closer to communities**. Effective decentralisation depends on capable local institutions, coordination across levels of governance, financing mechanisms that persist beyond individual projects, and simplified but accountable access. Democratisation goes further, requiring deliberate inclusion of marginalised groups and meaningful participation in financing decisions. Participatory structures alone do not guarantee influence where existing inequalities and power relations remain unchanged.

Fourth, **mobilising private capital requires addressing the investment ecosystem, not simply financial risk**. Sovereign and macroeconomic risks matter, but so do regulatory uncertainty, weak project pipelines, inadequate data, project design and implementation constraints, and limited technical capacity. The evidence therefore points towards a broader understanding of de-risking that combines appropriate financial instruments with project preparation, technical assistance, institutional reform and stronger implementation systems.

Fifth, **capacity building is part of climate finance infrastructure**. The strongest capacity-building models strengthen capabilities across macro, meso and micro levels, recognising that strengthening capacity at one level can have limited effect if weaknesses at other levels remain unaddressed. Capacity also needs to be institutionalised through permanent mandates, dedicated resources, continuous professional development and integration into financing mechanisms themselves, rather than being pursued through isolated or one-off training programmes. Ultimately, the effectiveness of capacity building should be judged by whether it results in stronger pipelines, finance mobilised, projects implemented and development outcomes achieved, rather than by activity-based measures of capacity building alone e.g number of workshops delivered.

Sixth, **regional institutions offer an important but underused layer of the climate finance architecture**. Regional approaches can aggregate projects, pool risk, develop shared infrastructure and standards, and strengthen countries' negotiating position with international

financiers. They are particularly valuable where individual countries lack the market size or institutional capacity to perform these functions independently. But aggregation is not an end in itself: regional mechanisms require credible governance and must ultimately connect finance back to national and local implementation.

Finally, **reforming climate finance requires action both internationally and domestically**. Reform of MDBs, multilateral climate funds, credit-rating practices and the terms of international finance is necessary, but cannot substitute for stronger domestic institutions, public financial management, transparency and accountability. Conversely, domestic reform alone cannot overcome a global architecture that continues to impose high financing costs and disadvantage many African borrowers.

Overall, the findings suggest that Africa's climate finance challenge is fundamentally a problem of fit as well as volume. The continent requires financing systems that are better aligned with differentiated national and regional contexts, with the scale at which particular constraints arise, with institutional capacities to mobilise and deploy finance, and with the sectors and communities where climate vulnerability is greatest. The evidence across the five themes therefore consistently shows that what matters is not only mobilising more climate finance, but mobilising the right finance, through the right institutions, at the right scale and on the right terms. Doing so is essential if climate finance is to strengthen, rather than compound, Africa's climate resilience and contribute to its broader development objectives.

5.2. Recommendations

The findings of this report point to a set of mutually reinforcing priorities for strengthening Africa's climate finance architecture. The recommendations below provide a summary of these priorities. They have been deliberately structured across the report's five thematic areas, including specific actions, responsible actors and illustrative examples from the case studies.

5.2.1. Democratising and decentralising climate finance

Table 1: Democratising and decentralising climate finance

Recommendation	Sub-recommendation	Steps to be taken	Responsible actor	Examples of successful Implementation from the case studies
Embed climate finance within existing local governance structures	Establish institutional embedding as a core programme requirement	Mandate that climate finance projects position staff within existing government structures rather than creating parallel delivery systems	National Governments; Development Partners	CLAP for Resilience (Malawi) assigns District Project Coordinators and Finance and Administration Assistants to District Councils, ensuring capacity persists beyond project duration
	Transition from project-based to programme-based delivery	Design climate finance interventions as multi-year programmes embedded in national and sub-national systems rather than standalone projects	National Governments; Multilateral Climate Funds	FLLoCA (Kenya) operates through devolved county governments, embedding climate finance within ongoing county operations
Mandate inclusion provisions for marginalised groups	Replace aspirational language with structural requirements	Require mandatory gender governance provisions and women-owned business inclusion in climate finance programmes, not optional goals	National Governments; Development Partners	CLAP for Resilience mandates women's involvement in community decision-making in all 28 communities and requires women-owned businesses in formal partnerships
	Establish legally binding inclusion targets	Set enforceable quotas for women, youth, and marginalised group participation in climate finance decision-making and benefits	National Governments; Regional Economic Communities	CLAP's Component 3 mandates women-owned and operated businesses in formal partnerships
Establish durable post-project finance mechanisms	Create legacy finance facilities within national climate funds	Design climate finance programmes with components that continue to channel resources after individual projects end	National Governments; Development Partners	CLAP for Resilience establishes a Private Sector Engagement Facility integrated into the Malawi National Climate Change Fund, creating a legacy mechanism beyond 2031
	Link project-level mechanisms to	Connect community monitoring architectures with	National Governments; Civil Society	CLAP's Component 4 connects community monitoring with the

	national transparency systems	national climate finance dashboards and MRV systems		MW0021 Open Government Partnership Climate Finance Dashboard
Simplify access procedures for sub-national climate finance	Streamline application and disbursement processes for local actors	Reduce bureaucratic hurdles and transaction costs for community-based organisations and local governments accessing climate funds	Multilateral Climate Funds; Development Partners; National Governments	Kenya's FLLoCA programme channels climate finance directly to 47 counties through performance-based grants and pooled financing arrangements. The County Climate Change Fund mechanism enables local communities to directly access climate finance from international and domestic sources

5.1.2. Strengthening private sector participation in climate finance

Table 2: Strengthening private sector participation in climate finance

Recommendation	Sub-recommendation	Steps to be taken	Responsible actor	Examples of successful Implementation/failures from the case studies
Develop green taxonomies and regulatory frameworks	Establish national and regional green taxonomies	Create clear, standardised definitions of what constitutes a 'green' investment to reduce information asymmetries	National Governments; RECs; Regulators	GEFF's success in North Africa was constrained by the absence of green taxonomies and weak environmental disclosure requirements
	Strengthen environmental disclosure requirements	Mandate climate-related financial disclosures for financial institutions and listed companies	Regulators; Central Banks	The Africa-wide sustainable finance taxonomy under AFAC aims to standardise definitions of climate-aligned activities
Reform restrictive regulatory frameworks	Enable municipalities to structure pay-for-performance contracts	Reform legislation that restricts long-term debt to capital expenditure, enabling performance-based debt	National Governments; Parliaments	The MFMA in South Africa restricts long-term debt to capital expenditure, creating barriers to municipal-level adaptation finance. Cape Town's bond success required navigating these

		servicing for ecological outcomes		constraints through innovative structuring
	Remove barriers to outcomes-based financing	Create enabling legislation for outcomes-based bonds and pay-for-success models	National Governments; RECs	The Cape Town Water Outcomes-Based Bond required legal frameworks that allow performance-based payments
Scale up technical assistance as an integral component	Resource TA as a core programme cost, not an optional add-on	Allocate dedicated funding for technical assistance from programme inception	DFIs; MDBs; Development Partners; National Governments	90% of training participants rated GEFF courses as very useful or extremely useful
	Provide multi-year, modular technical assistance	Move beyond short training events to sustained capacity-building programmes	DFIs; Development Partners	GEFF's technical cooperation component is integral to results; across the 2016-2024 global portfolio, grant support totalled €209 million
Deploy blended finance to crowd in commercial capital	Use concessional finance strategically to de-risk private investment	Structure blended finance with first-loss provisions, guarantees, and catalytic equity to absorb early-stage risks	DFIs; MDBs; Multilateral Climate Funds	GEFF's blended approach ensures climate finance reaches SMEs
	Ensure blended finance does not substitute private capital	Design blended finance to catalyse additional investment, not replace commercial capital	DFIs; MDBs; National Governments	The concessional element embedded in GEFF's blended finance architecture makes credit lines attractive to commercial banks
Expand results-based financing and PAYGo models	Link financing to verified outputs	Design programmes where disbursements are tied to verified technology sales or consumer adoption	Development Partners; DFIs; National Governments	Uganda's RBF programmes link disbursements to verified outputs such as technology sales or consumer adoption, reducing market expansion risks
	Scale PAYGo models for consumer affordability	Expand instalment and usage-based payment models to address affordability barriers	Private Sector; DFIs	PAYGo models allow payment through instalments or usage-based arrangements, directly addressing affordability challenges
Engage private sector early in instrument design	Include private investors in programme design and governance	Ensure private sector representation in the design of	Governments; DFIs; MDBs	The Cape Town bond's success required a well-organised municipal governance architecture and

		climate finance instruments and programmes		compliance with regulatory instruments

5.1.3. Capacity building for climate finance mobilisation and implementation

Table 3: Capacity building for climate finance mobilisation and implementation

Recommendation	Sub-recommendation	Steps to be taken	Responsible actor	Examples of successful Implementation/failures from the case studies
Integrate capacity building within financial mechanisms	Embed TA facilities within financial instruments	Design climate finance programmes with TA as an operational precondition, not a peripheral activity	Regional Institutions; DFIs; MDBs	WAICSA embeds the Technical Assistance Facility within the same institutional structure as the Financing Facility
	Create structural incentives for competency development	Link access to finance with capacity-building requirements, creating incentives for true institutional transformation	Regional Institutions; National Governments	WAICSA's CSA conditionality simultaneously drives climate capacity development and generates a built-in monitoring mechanism
Transition from short training to multi-year programmes	Design modular, sustained technical assistance	Move beyond single training events to multi-year programmes that embed competencies within operational processes	Development Partners; DFIs; Regional Institutions; National Governments	WAICSA's five-day training events are unlikely to produce the deep institutional change required without multi-year support, trained staff move on and institutional memory is lost
	Establish ongoing post-training support	Provide mentoring, follow-up, and refresher training to ensure competencies are sustained	Development Partners; Regional Institutions	Uganda's UECCC provides ongoing technical support to partner financial institutions beyond initial training sessions, including refresher courses on new technologies and follow-up mentorship for climate-smart agriculture lending.
Build capacity at macro, meso, and micro levels simultaneously	Coordinate capacity building across all three levels	Ensure that capacity building targets national/regional institutions, financial intermediaries, and	Regional Institutions; National Governments; Development Partners	WAICSA operates across the ECOWAS Commission (macro), local financial institutions (meso), and smallholder farmers (micro)

		communities in a coordinated manner		
	Avoid fragmentation by aligning interventions	Ensure that capacity-building interventions at different levels are mutually reinforcing rather than duplicative	Regional Institutions; National Governments	WAICSA's three-tier model ensures that capacity building is coordinated across all levels
Increase concessional resources for technical assistance facilities (TAFs)	Recognise TAFs as core programme costs	Allocate dedicated grant and concessional resources for technical assistance facilities	Development Partners; Multilateral Climate Funds	WAICSA's design allocates 20% of total capitalisation (USD 26 million of USD 130 million) to the Technical Assistance Facility, embedding it as a core programme cost from the outset
	Provide long-term, predictable funding for TAFs	Ensure that TA facilities have multi-year funding commitments to enable sustained capacity building	Development Partners; MDBs	WAICSA targets USD 130 million in total capitalisation (USD 104 million financing + USD 26 million TA)
Strengthen the role of academia and research institutions	Integrate research expertise into programme design	Engage academic and research institutions in defining practices, developing monitoring frameworks, and translating scientific findings	Governments; Development Partners; Regional Institutions	WAICSA's design benefited from WASCAL, CORAF, ICRISAT, and CCAFS serving on the *ad hoc* CSA Expert Panel
	Commission longitudinal research on capacity-building outcomes	Fund long-term research tracking capacity evolution, adoption rates, and climate finance mobilisation	Research Institutions; Development Partners	The six-year gap between WAICSA's endorsement and pilot launch highlights the importance of generating evaluable evidence
Address equity in scaling strategies	Develop differentiated support for lower-capacity states	Provide more intensive and sustained capacity building for countries with weaker institutional infrastructure	Regional Institutions; Development Partners	WAICSA's six pilot states are among the region's more institutionally developed countries, raising equity concerns about scaling

5.1.4. Strengthening regional enablers of climate financing

Table 4: Strengthening regional enablers of climate financing

Recommendation	Sub-recommendation	Steps to be taken	Responsible actor	Examples of successful Implementation/failures from the case studies
Aggregate national demands into regional investment platforms	Develop regional portfolios that meet investor scale requirements	Combine multiple national interventions into unified regional portfolios to resolve scale mismatches	RECs; Regional Institutions	SURAGGWA combines eight national interventions into a single USD 222 million regional portfolio
	Reduce transaction costs through unified compliance interfaces	Establish standardised frameworks that meet fiduciary and environmental safeguards for multiple countries	RECs; Regional Institutions; MDBs	SURAGGWA's aggregation reduces transaction costs and provides a unified compliance interface for GCF requirements
Harmonise policies and regulatory frameworks	Establish harmonised MRV registries	Create shared monitoring, reporting, and verification systems to prevent double-counting and reduce transaction costs	RECs; UNFCCC; Regional Institutions	The WAEMU carbon pricing feasibility study reveals that most West African nations lack critical MRV infrastructure
	Develop regional green taxonomies	Create common definitions of sustainable activities across member states	RECs; Regulators	A regional approach under WAEMU resolves constraints by pooling resources to build a unified MRV registry
Insulate transboundary environmental governance from geopolitical fragmentation	Negotiate formal ecological peace treaties	Designate transboundary ecological corridors and shared watersheds as zones of ecological peace, insulated from political disputes	RECs; African Union; Member States	SURAGGWA's dual-track coordination framework maintains operational resilience through FAO and PA-GGW
	Use multilateral, non-reciprocal structures for environmental programmes	Design environmental programmes with implementing agencies that operate across political divisions	MDBs; UN Agencies; RECs	In SURAGGWA, because FAO operates as the Accredited Entity, project implementation proceeds unimpeded despite the ECOWAS-AES schism

Provide long-term, predictable financing for regional institutions	Allocate dedicated programme activation resources	Provide funding for programme setup and institutional strengthening from the outset	Development Partners; MDBs; Multilateral Climate Funds	SURAGGWA's six-year gap between endorsement and pilot launch was driven, *inter alia,* by protracted internal validation processes
	Strengthen regional institutional capacity for accreditation	Provide sustained support for RECs and regional DFIs to achieve and maintain GCF accreditation	MDBs; Multilateral Climate Funds; Development Partners	EBID's GCF accreditation positions it as a channel for international climate finance
Strengthen collective bargaining power	Use evidence-based advocacy in negotiations	Commission regional climate finance landscapes to establish shared evidence bases for collective negotiations	RECs; Member States	FSD Africa's and CPI's Landscape of Climate Finance reports have changed the terms of conversation with donors by establishing the financing gap in data
	Present consolidated portfolios to MDBs and donors	Use regional platforms to present unified project portfolios to international finance institutions	RECs; Regional Institutions	Collective representation through PA-GGW and FAO allows eight countries to negotiate highly concessional, grant-heavy adaptation financing

5.1.5. Reforming the climate finance architecture for equity, accountability, and impact

Table 5: Reforming the climate finance architecture for equity, accountability, and impact

Recommendation	Sub-recommendation	Steps to be taken	Responsible actor	Examples of successful Implementation/failures from the case studies
Shift from debt-based to grant-based finance for adaptation	Deliver adaptation finance as grants or highly concessional instruments	Ensure that adaptation finance does not deepen the debt vulnerabilities it is meant to alleviate	MDBs; Multilateral Climate Funds; Development Partners	The Least Developed Countries Fund and Special Climate Change Fund deliver adaptation finance primarily as grants
	Ensure debt-for-nature swaps deliver needed fiscal relief	Structure swaps that reduce indebtedness, not merely restructure it	MDBs; Conservation Organisations	Seychelles' sovereign debt was not reduced by the swap and has not diminished since
Simplify access procedures for debt-distressed countries	Reform accreditation and project preparation requirements	Reduce the complexity and cost of accessing multilateral climate funds for the most vulnerable countries	Multilateral Climate Funds; MDBs	The Green Climate Fund's Enhanced Direct Access modality was designed to decentralize climate

				finance and empower vulnerable communities.
	Provide dedicated project preparation support	Fund feasibility studies, technical assistance, and capacity building for project preparation in vulnerable countries	Development Partners; MDBs; Multilateral Climate Funds	The GCF Readiness Programme provides grants for project preparation and capacity building. The AfDB's Africa Climate Change Fund also supports project preparation and readiness activities.
Reform credit rating agencies and sovereign risk assessments	Address systemic bias in credit ratings	Advocate for more transparent, context-sensitive methodologies that reflect climate vulnerability and development needs rather than penalising them	African Governments; AU; RECs; AfDB	The African Peer Review Mechanism and UNECA have proposed the creation of an African Credit Rating Agency to provide more contextual, development-oriented assessments.
	Integrate climate risk into credit rating methodologies	Require credit rating agencies to incorporate climate vulnerability and adaptation investments into sovereign credit assessments	International Financial Institutions; G20; Credit Rating Agencies	The Network for Greening the Financial System has developed guidance on integrating climate risks into financial stability assessments
Embed transparency and accountability in financial instruments	Require standardised frameworks and independent verification	Mandate second-party verification and public disclosure of transaction terms and conservation outcomes	MDBs; Conservation Organisations; Regulators	Seychelles' debt-for-nature swap established the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) with independent oversight and public reporting on the use of funds. In Gabon, Conservation Alpha serves as an independent technical agent for the outcomes-based water bond, responsible for verifying ecological results and ensuring accountability
	Establish clear reporting requirements	Require regular, public reporting on conservation	Conservation Organisations; MDBs	Gabon's blue bond requires regular public reporting on marine

		outcomes and the use of funds		conservation outcomes through the independent conservation fund managed by The Nature Conservancy. SeyCCAT publishes annual reports on conservation fund disbursement and impact
Reform the international debt architecture	Establish a multilateral debt restructuring mechanism	Create a fair, transparent, and binding framework for sovereign debt restructuring that includes climate considerations	G20; IMF; World Bank; UN	The G20 Common Framework has been underutilized, with only Chad, Ethiopia, and Zambia requesting restructuring since its inception in 2020. Zambia successfully completed debt restructuring under the G20 Common Framework in 2024, resulting in a USD 3 billion debt reprofiling agreement that created fiscal space for climate-related investments.
	Introduce debt suspension clauses for climate-vulnerable countries	Allow countries to suspend debt payments during climate-induced disasters without penalty	IMF; World Bank; Bilateral Creditors	Although not in Africa, Barbados incorporated climate-resilient debt clauses in its 2024 bond restructuring, allowing for payment suspension during hurricanes.
Mobilise and de-risk private climate investment	Scale up blended finance and guarantee instruments	Use concessional public finance to de-risk private investment, reducing the cost of capital and crowding in commercial investors	DFIs; MDBs; Multilateral Climate Funds	GEFF's blended finance model has supported more than 231,000 green investments, avoiding over 10 million tonnes of CO_2 emissions annually. The AfDB's partial credit guarantees have enabled sovereign and state-owned entities to access long-term financing on more favourable terms.
	Address currency and foreign exchange risks	Develop instruments that mitigate currency volatility and hedging costs for climate investments	DFIs; MDBs; Multilateral Climate Funds	The Currency Exchange Fund provides foreign exchange hedging for climate investments in African

				countries, reducing the cost of borrowing.
Ensure meaningful local community participation	Embed community representatives in decision-making	Include community representatives in the design, implementation, and monitoring of debt-for-nature swaps	Conservation Organisations; MDBs; National Governments	CLAP for Resilience (Malawi) mandates community representation in decision-making through Village Natural Resources Committees
	Treat communities as active participants, not passive beneficiaries	Ensure that local communities have genuine decision-making authority, not just consultation	Conservation Organisations; National Governments	World Bank's Community-Based Adaptation projects in Sub-Saharan Africa show some successful community-led adaptation
Reform debt-for-nature swaps	Embed transparency and accountability in debt-for-nature swaps	Require standardised frameworks, independent verification, and public reporting on conservation outcomes	Conservation Organisations; MDBs	Seychelles' debt-for-nature swap established the Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) with independent oversight and public reporting on the use of funds. In Gabon, Conservation Alpha serves as an independent technical agent for the outcomes-based water bond, responsible for verifying ecological results and ensuring accountability
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	Respect national sovereignty	Ensure that national parliaments have oversight over debt-for-nature swap negotiations	National Governments; Parliaments	The African Union's Model Law on Climate Change provides guidance on ensuring national sovereignty in climate finance negotiations
	Pursue comprehensive debt restructuring alongside swaps	Treat debt-for-nature swaps as one instrument among	MDBs; National Governments; International Financial Institutions	The G20 Common Framework provides a mechanism for comprehensive debt restructuring

		many, not a replacement for comprehensive debt relief		
	Embed swaps in national development priorities	Ensure that debt-for-nature swaps are aligned with and contribute to national development plans	National Governments; Conservation Organisations	In Seychelles, the debt-for-nature swap was embedded within the country's national development priorities through the Marine Spatial Planning process, which aligned conservation commitments with national Blue Economy development goals, ensuring that marine protected areas contributed to sustainable fisheries and tourism development. Gabon's blue bond was aligned with its national commitment to protect 30% of its lands, freshwater systems, and ocean by 2030 under the country's updated NDC, embedding the swap within national climate and biodiversity policy frameworks

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