#TheAfricaRoundtable

Follow Up Paper

The Africa Roundtable

Green Finance in a New Geopolitical Reality

Ibrahim Governance Weekend 2025

June 2025 | Marrakesh

Supported by

Mo Ibrahim Foundation

Global Perspectives Initiative

Global Perspectives Initiative is a non-profit and independent dialogue platform based in Berlin, Germany. *Global Perspectives* works towards enhanced engagement and responsibility for sustainable development by German and European decisionmakers and aims to strengthen African perspectives in policy making. To this end, *Global Perspectives* regularly brings together decision-makers from business, academia, politics, media, and civil society to discuss new approaches, provide new impulses and raise awareness on the common opportunities and challenges the two neighboring continents are facing.

The Africa Roundtable

The Africa Roundtable is the forum for decision-makers from the political, business and civil society spheres in Europe-Africa cooperation. It deals with pressing issues and challenges of the neighboring continents and develops partnership-based solutions and models for future cooperation. Twice a year, *the Africa Roundtable* gathers its participants, alternating between the European and the African Continent. Prior publications ensure a fact-based discussion, which is concluded with action recommendations. Regular text contributions in pre- and post-processing, complete the program and ensure a continuous dialogue.

Overview

This report documents discussions from *The Africa Roundtable*'s 8th edition on Green Finance in a changing geopolitical context. The dialogue examined financing mechanisms, regulatory frameworks, and partnership models for sustainable development.

Follow Up Paper

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Green Finance in a New Geopolitical Reality

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KEY TAKEAWAYS

Africa Must Lead Its Own Development Financing. The continent possesses $4.6 trillion in domestic savings and capital pools yet remains a net exporter of capital. African leadership and ownership of development projects is essential for attracting sustainable international investment and moving from donor-recipient dynamics to genuine partnership models. Green finance must build on these domestic foundations rather than relying solely on external climate funding.

The Finance Gap is Also a Delivery Gap. Only 3% of global climate finance reaches Africa, and less than 10% of that flows to local actors on the ground. The challenge is not just mobilizing capital but ensuring it reaches SMEs, cooperatives, and municipalities driving climate action through strengthened intermediary institutions.

Regulatory Reform is Critical for Scale. Current international regulations (Basel III, risk weighting systems) systematically disadvantage African investments. Africa faces an unjustified "risk premium" that increases borrowing costs beyond what fundamentals warrant, while national-level policy coherence remains insufficient. Climate finance regulations must be reformed to recognize Africa's green investment potential.

Innovation Exists; Scaling is the Challenge. Successful models for blended finance, debt-for-development swaps, and technology integration are proven but limited in scope. Project aggregation, standardization, and regional integration of capital markets are needed to unlock transformational investment flows. Green finance instruments must be scaled to meet Africa's climate adaptation and mitigation needs.

RECOMMENDATIONS

Reform international regulations and financial architecture to include African interests. International financial institutions should advocate for Basel III reforms and other regulatory changes that account for development needs in emerging markets, while addressing Africa's unjustified risk premium in global financial systems. Climate finance regulations should be reformed in partnership with African stakeholders to recognize Africa's green investment opportunities.

Scale blended finance and innovative mechanisms strategically. While blended finance and guarantee structures show promise for mobilizing private capital, they must be deployed at much greater scale and with clearer frameworks for success. Countries should focus on creating standardized approaches that can be replicated across the continent while maintaining flexibility for local contexts. This requires closer coordination with international development finance institutions and multilateral partners to align instruments and reduce transaction costs.

Mobilize Africa's domestic resources. African countries must prioritize unlocking their substantial domestic savings and capital markets. This includes developing local currency bond markets, strengthening pension funds, and creating regulatory frameworks that encourage domestic investment in infrastructure and development projects. Climate finance should build on these domestic foundations, with green bonds and sustainable investment vehicles channelling local resources toward climate action.

Scale regional integration. African countries would benefit from developing regional project aggregation mechanisms and integrated capital markets to achieve investment scale that attracts institutional investors and reduces fragmentation across small national markets. This includes regional green bond markets and climate finance coordination.

Shift to project-risk assessment. International partners and development finance institutions should move from country-risk to project-risk assessment frameworks, providing patient capital and first-loss guarantees to catalyze domestic institutional investment in well-structured, bankable projects. Climate projects should be assessed on their environmental and economic merits rather than country-risk alone.

Invest in technology and innovation. Countries and development partners should deploy digital solutions for project monitoring, impact measurement, and risk assessment to build trust and transparency in green finance flows while supporting local capacity building and knowledge transfer initiatives.

Localize climate finance delivery. African governments should establish minimum quotas ensuring that climate finance reaches local actors including SMEs, cooperatives, and municipalities, while strengthening intermediary institutions to bridge the gap between international finance and ground-level implementation.

Create genuine partnerships based on mutual benefit. International cooperation on finance must evolve beyond traditional donor-recipient models to focus on partnerships that create value for all parties. This includes ensuring that climate finance partnerships respect African priorities and build local capacity.

INTRODUCTION

The 8th edition of *The Africa Roundtable* convened in Marrakesh, Morocco, on June 1, 2025, as a side event of the **Ibrahim Governance Weekend**. The high-level discussion brought together over 30 decision-makers from Germany, Europe, and the African continent, as well as representatives of international organizations to address one of the most pressing challenges of our time: **mobilizing green finance for Africa's sustainable development in an evolving geopolitical landscape.**

The Africa Roundtable took place against a backdrop of significant global shifts. The new U.S. administration has drastically cut aid budgets and initiated withdrawal from the Paris Climate Accord, while redirecting investments toward fossil fuels. Simultaneously, the European Union has reduced its budgets, creating **new urgency** around financing Africa's green transition. As the Mo Ibrahim Forum Report noted, the era of traditional official development assistance is effectively over, necessitating a **fundamental rethinking of how to finance Africa's sustainable development**. This moment requires moving beyond donor-dependent models toward strategies that leverage Africa's unique climate advantages and unused carbon capacity to attract investment on commercial terms.

Despite these challenges, the discussion revealed significant untapped potential. Africa possesses 60% of global solar capacity, 30% of the world's critical minerals, and the Congo Basin alone could sequester one-third of global carbon sequestration needs. **Yet the continent receives less than 3% of global green finance** – a stark mismatch between investment opportunities and financial flows that represents not just a loss for Africa, but a **missed opportunity** for global climate action and economic growth.

A central theme emerged throughout the discussion: the need for Africa to take greater ownership of its development and green financing while building stronger, more equitable partnerships with international stakeholders.

This Follow Up Paper captures the **key insights, solution-oriented ideas, and actionable recommendations** that emerged from the discussion on accelerating green finance flows to Africa and positioning the continent as a **global leader in climate action and sustainable development.**

WHAT'S NEXT? ASSESSING AFRICA'S CRITICAL FINANCE MOMENT

The discussion on Africa's green finance landscape highlighted a **fundamental paradox** that defines the continent's current situation. Africa contributes less than 4% of global greenhouse gas emissions, yet receives only 3% of global climate finance, despite requiring over $400 billion annually to meet its climate and development needs.

Reframing the Narrative: From Vulnerability to Opportunity

The conversation challenged the conventional framing of Africa's climate finance discussion. Rather than beginning with Africa's lack of contribution to climate change and its vulnerability, participants emphasized that **the solution to climate challenges lies significantly in Africa**, highlighting enormous, missed opportunities in current investment patterns.

The continent possesses substantial untapped potential: the Congo Basin alone can sequester one-third of global carbon sequestration needs; Africa holds 60% of global solar potential and 30% of the world's critical minerals. This massive potential remains largely unrealized due to **systemic mismatches between financial flows and investment opportunities** - representing a loss not just for Africa, but for global climate action.

The Scale of Domestic Resources

A critical insight emerged regarding Africa's domestic financial capacity. Research showed that Africa possesses $4.6 trillion in domestic savings and capital pools, including $3 trillion with banks, $455 billion in pension systems, $314 billion in insurance systems, $447 billion in central bank reserves, and over $150 billion in sovereign wealth funds. **The challenge is not the absence of capital but its effective utilization for continental development.**

The discussion highlighted examples of significant capital outflows, including major African corporations transferring substantial assets to foreign stock exchanges. This exemplified the broader challenge of Africa being a net exporter of capital despite its development financing needs.

Regulatory Barriers and Systemic Constraints

Regulatory frameworks emerged as fundamental constraints to scaling green finance. Current international regulations, particularly Basel III requirements, systematically disadvantage African investments through risk weightings that do not reflect actual project fundamentals. These regulations, designed to ensure global financial stability following the 2008-2009 crisis, have created **excessive barriers for African financial institutions** due to stringent due diligence requirements.

Addressing these regulatory constraints doesn't require additional funding but rather **correcting incentive structures** to improve market functionality. This includes reforming how guarantees are assessed in risk calculations and ensuring that multilateral development banks can assume appropriate risk levels while maintaining adequate capitalization.

Beyond Climate Finance: Integrating Development and Climate Action

The discussion emphasized abandoning the artificial separation between development finance and climate finance. **Development cannot proceed without considering climate factors, and climate action must be anchored in development perspectives.** This integration is essential because climate financing needs – estimated at $2.4 trillion - far exceed traditional ODA and concessional lending flows of approximately $200 billion annually.

Analysis revealed that blended finance, while often promoted as a solution, frequently transfers risk without delivering scale. Concessional financing increasingly comes with commercial pricing but fails to provide the promised scale, making it conceptually different from traditional ODA while not delivering expected private capital mobilization.

The Path Forward: African Agency and Innovation

The conversation emphasized that **Africa must exercise greater agency in designing its financial architecture**. This includes developing local capital markets, improving project structuring and design capabilities, and holding international partners accountable for their commitments. Innovative solutions already emerging from Africa include proposals to use IMF Special Drawing Rights as hybrid capital channeled through multilateral development banks, and early examples of debt-for-nature and debt-for-climate swaps.

The discussion underscored that Africa's green finance future depends on combining the continent's enhanced ability to mobilize and deploy its own resources with strengthened international partnerships built on mutual benefit and shared responsibility. **Success requires both robust domestic financial architecture and collaborative international engagement** that creates regulatory and institutional frameworks to attract sustainable investment on equitable terms for all parties.

WHAT WORKS? CREATING OPPORTUNITIES AND SUCCESS STORIES

The conversation on practical solutions and proven models highlighted both the potential for transformative green finance initiatives and the critical importance of scaling successful approaches across the continent. Africa's green finance landscape already contains numerous examples of effective implementation, though these remain limited in scope relative to the continent's needs.

Infrastructure Finance at Scale Africa 50's approach to infrastructure development demonstrates how **long-term, risk-tolerant financing and strategic partnerships** can unlock large-scale projects. The institution's model focuses on taking equity positions in infrastructure projects during their most risky phases, providing the extended-term capital necessary to attract additional commercial investment. This approach has proven particularly effective in renewable energy projects where long-term returns are strong, but initial capital requirements create barriers for traditional commercial financing.

The organization's experience shows that **successful project development requires significant upfront investment in feasibility studies, environmental assessments, and stakeholder engagement** - costs that many smaller developers cannot absorb. By providing this early-stage capital, development finance institutions can create a pipeline of bankable projects that subsequently attract private sector investment.

Local Economic Development and Green Transitions

The African Centre for a Green Economy's report illustrates how green finance can drive local economic development when properly structured. The approach emphasizes **building local capacity and ensuring that green investments create employment opportunities within communities**. This model recognizes that sustainable green finance must deliver both environmental and social returns to maintain long-term viability.

Key lessons from ground-level implementation include the importance of **involving local communities** in project design and **ensuring that financial instruments are accessible to small and medium enterprises**. Traditional banking products often fail to reach informal sector participants who represent a significant portion of Africa's economy, requiring innovative approaches to risk assessment and collateral requirements.

Technology Integration and Financial Innovation

Successful green finance initiatives increasingly leverage technology to reduce transaction costs and improve risk assessment. Digital platforms enable better monitoring of project outcomes, more accurate impact measurement, and reduced due diligence costs. Mobile money systems, already well-established across much of Africa, provide infrastructure for delivering microfinance to rural communities investing in solar installations, improved cookstoves, and climate-smart agriculture.

Blockchain technology shows promise for carbon credit verification and trading, potentially allowing African projects to access international carbon markets more efficiently. However, the discussion emphasized that **technology solutions must be designed with local context in mind,** ensuring that digital literacy requirements don't exclude potential beneficiaries.

Regional Integration and Cross-Border Projects

The *African Continental Free Trade Area (AfCFTA)* provides a **framework for scaling successful green finance models across borders.** Regional infrastructure projects, particularly in renewable energy and transportation, can achieve economies of scale impossible within individual national markets. The Eastern Africa Power Pool and similar regional initiatives demonstrate how **cross-border collaboration can unlock investment in renewable energy projects** that serve multiple countries.

Cross-border projects require **harmonized regulatory frameworks and coordinated policy approaches.** Success stories in this area highlight the importance of early engagement with multiple government stakeholders and the development of standardized project documentation that meets requirements across different jurisdictions.

Blended Finance Models That Work

Effective blended finance structures provide genuine additionality by addressing specific market failures rather than simply subsidizing commercial investments. Successful models typically involve development finance institutions taking first-loss positions or providing guarantees that enable pension funds and insurance companies to invest in infrastructure projects. The key is **structuring transactions that transfer appropriate levels of risk while maintaining commercial returns for private investors**.

The discussion highlighted that successful blended finance requires clear measurement of development outcomes and transparent reporting on how concessional capital enables additional private investment. Without this discipline, blended finance can simply crowd out commercial investment without delivering additional development impact.

Building Local Financial Markets

Long-term success requires developing local capital markets capable of financing green investments without dependence on international markets. This includes supporting local currency bond markets, developing institutional investor capacity within Africa, and creating regulatory frameworks that encourage long-term investment. Countries with successful local bond markets have been able to finance infrastructure projects at lower cost and with reduced currency risk.

Pension funds and insurance companies represent significant pools of domestic capital that could finance long-term infrastructure investments if appropriate investment vehicles and regulatory frameworks exist. Creating these enabling conditions requires **coordinated policy reform** but can unlock substantial domestic resources for green development.

WHAT MATTERS? BUILDING PARTNERSHIPS ACROSS CONTINENTS AND SECTORS

Africa's green finance transformation requires moving beyond traditional donor-recipient frameworks to genuine partnerships based on mutual benefit and shared risk. Success depends on aligning incentives across diverse stakeholders while building sustainable institutional relationships.

Redefining Partnership Models

Modern partnerships must recognize Africa as an equal stakeholder with $4.6 trillion in domestic resources and strategic assets essential for global climate solutions. Effective approaches focus on risk-sharing rather than risk transfer, with international partners providing guarantees and first-loss capital that enable domestic institutions to participate in green investments. This requires **moving from project-based financing to programmatic approaches that build institutional capacity** and create sustainable financing mechanisms.

Institutional Reform and Private Sector Engagement

Multilateral development banks need reformed capitalization and operational frameworks that enable appropriate risk-taking while maintaining credit ratings. The proposal to use IMF Special Drawing Rights as hybrid capital could significantly increase resources for African green investments without additional government contributions.

Sustainable private sector participation requires **predictable policy environments and standardized investment processes.** Success depends on aggregating smaller projects into investment vehicles that meet institutional investor requirements for scale and diversification, supported by intermediary institutions capable of identifying, structuring, and monitoring multiple projects.

Regulatory Harmonization and Capacity Building

Cross-border green investments require harmonized regulatory frameworks that reduce compliance costs and enable regional approaches. International regulations, particularly Basel III requirements, must be reformed to better account for development finance needs and African investment risk profiles through coordinated advocacy by African governments and development finance institutions.

Effective partnerships must address capacity constraints through technical assistance, training for local financial institutions, and technology transfer that builds domestic capabilities. South-South cooperation and technology sharing often prove more effective than traditional North-South approaches because they address similar development challenges and resource constraints.

Accountability and Long-Term Relationships
Sustainable partnerships require **robust monitoring systems tracking both financial returns and development outcomes**, with accountability mechanisms working in both directions. Success depends on **building institutional relationships based on mutual interest that survive political transitions**, supported by frameworks like the African Continental Free Trade Area that create shared economic incentives for sustained cooperation.

CLOSING & OUTLOOK

The Africa Roundtable on **Green Finance in a New Geopolitical Reality** highlighted both the substantial opportunities and persistent barriers in creating a sustainable financial ecosystem that can meet Africa's climate and development needs at the required scale. The discussion emphasized that success depends on coordinated action among governments, development finance institutions, and private sector partners to mobilize Africa's significant domestic resources while building more equitable international partnerships.

However, critical questions emerged that require continued exploration: how to reform international regulatory frameworks that systematically disadvantage African investments, how to scale innovative financing mechanisms beyond pilot projects, how to effectively integrate climate and development finance without losing focus on either objective, and how to ensure climate finance reaches local actors implementing solutions in their communities. These challenges underscore the complexity of transforming Africa's financial architecture and highlight the need for sustained dialogue among diverse stakeholders to develop practical solutions that can deliver results at continental scale.

Global Perspectives Initiative remains committed to fostering this important dialogue on scaling and reinventing green finance on the African continent among key decision-makers across sectors, borders, and continents. Through our activities, Global Perspectives will continue to explore how international cooperation can evolve and adapt to foster more win-win partnerships, not only around Green

Finance but also in other key fields. These continued efforts reflect the understanding that building Africa's future requires sustained engagement, concrete action, and genuine partnership between African and European stakeholders. Collaboration and partnership between the two neighboring continents are not just an option, but a necessity for both Africa and Europe to thrive in the 21st century global economy.

Factsheet

Mo Ibrahim Foundation

Climate Finance Factsheet for

The Africa Roundtable No. 8

Mo Ibrahim Foundation

Africa's climate finance debate is unfolding at a time of rising needs, shifting global priorities, and persistent funding challenges. The Mo Ibrahim Foundation's "Green Finance in a New Geopolitical Reality – Climate Finance Factsheet" brings together the latest data and outcomes from international negotiations to highlight the scale and urgency of Africa's climate adaptation and mitigation requirements. Despite the continent's vulnerability and growing climate ambition, the gap between financing commitments and actual flows remains wide, with significant implications for Africa's sustainable development and resilience.

This factsheet, which has kindly been compiled by the Mo Ibrahim Foundation on occasion of *The Africa Roundtable* No. 8 provides an up-to-date reference point on Africa's climate finance landscape, setting the stage for discussion on how to close the continent's financing gap in a way that is both effective and equitable.

The complete Mo Ibrahim Foundation Report "Financing The Africa We Want" can be found here:
https://cdn.mediavalet.com/eunl/dam/ac3iL8QiykmSy8316mF6nQ/9ekVpkk0J0iBX51lH9DW3Q/Original/2025-forum-facts-figures.pdf

The Africa Roundtable No. 8: Green Finance in a New Geopolitical Reality

Global Perspectives Initiative

Climate Finance Factsheet

Addressing the climate crisis remains one of Africa's greatest challenges

Africa faces a changing global financial landscape with shrinking external aid budgets and rising development and climate finance needs, as well as its own ambitious domestic resource mobilisation targets related to financing Agenda 2063.

Climate change remains one of the greatest challenges for the continent, with rising temperatures and extreme weather events threatening lives and livelihoods and exacerbating existing conflicts. As the region most disproportionately affected by the climate crisis, adaptation is not just a policy option for Africa but a survival imperative.

Africa's population will more than double by 2100, meaning that development and climate bills will only rise. To fulfil its obligations under the Paris Agreement, the continent currently requires $1.6-$1.9 trillion in climate finance, of which very little has been met to date.

This factsheet gives an overview on the state of climate finance needs, flows and priority areas for Africa, as well as takes a brief lookback at the most recent climate summit, COP29 in Baku.

As Africa's population more than doubles by 2100, development and climate bills will only rise

Due to its high vulnerability, adaptation is of greater importance to Africa than mitigation

For Africa and other low emitters, adaptation (adjustments in social, economic and ecological systems to respond to climate change effects) is of greater relevance than mitigation, i.e. the curtailing of greenhouse gas emissions.

As a continent, Africa is the least responsible for climate change, accounting only for about 7% of global historical CO_2 emissions since the mid-19th century.[1] The continent is host to 12 of the 20 most climate-vulnerable countries worldwide.[2]

Additionally, adaptation needs should also cover the cost of climate-resilient growth, e.g. access to sustainable energy, a crucial issue for the continent in which around 600 million people still lack access.[3]

12 of the 20 most climate-vulnerable countries are in Africa, making adaptation a higher priority than mitigation

Per latest NDC submissions, Africa's climate finance needs amount to $1.6-$1.9 trillion

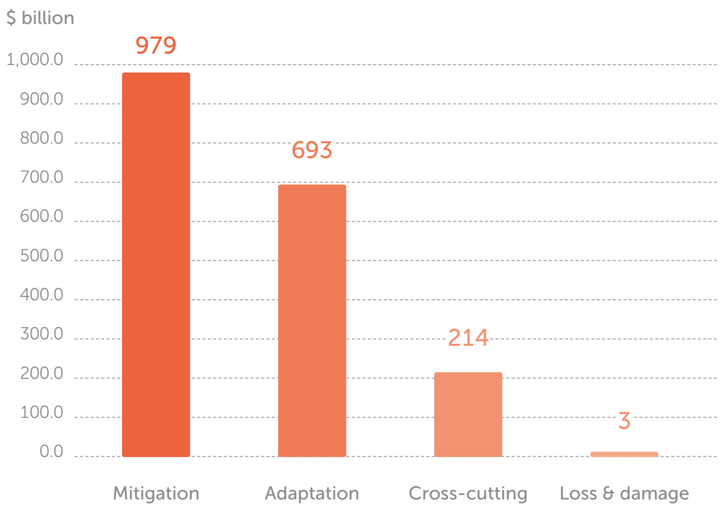
African countries reported a total of 2,981 needs in the 2024 submissions of Nationally Determined Contributions (NDCs) to the UN Framework Convention on Climate Change (UNFCCC). These total costed and uncosted needs are split almost equally between adaptation and mitigation.

Only 57% of Africa's NDCs have been costed, amounting to $1.6-$1.9 trillion, usually estimated with a time frame of five to ten years. Costed needs are up to 2.3 times higher for mitigation ($970-$979 billion) than for adaptation ($430-$693 billion), followed by cross-cutting measures ($214 billion) and loss and damage ($3 billion).[4]

These figures are likely underestimated because many uncosted needs relate to adaptation[5] and because damages from climate change can occur faster and stronger than assessed at the time of NDC submissions.[6]

$1.6-$1.9 trillion are needed to achieve Africa's NDCs, with just over half of needs costed

Africa: costed needs by type as reported in NDC submissions (2024)*

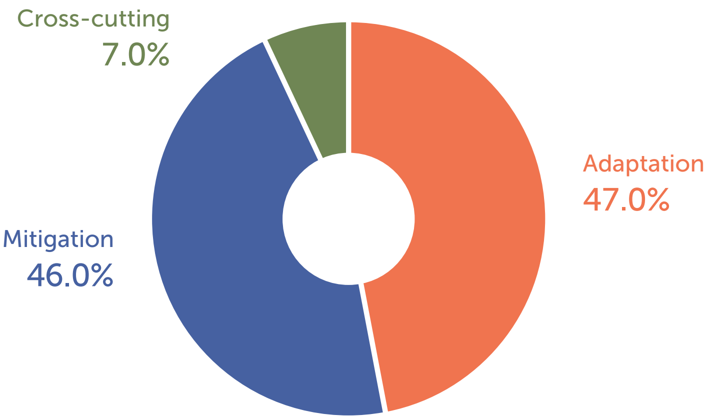


* Highest extrapolated estimate; NDCs are usually reported with a timeframe of 5-10 years.

Source: MIF based on UNFCCC Standing Committee on Finance (2024)

Many uncosted needs relate to adaptation, leading to the underestimation of climate finance needs in Africa

Africa: share of total needs by type based on NDC submissions (2024)



Source: MIF based on UNFCCC Standing Committee on Finance (2024)

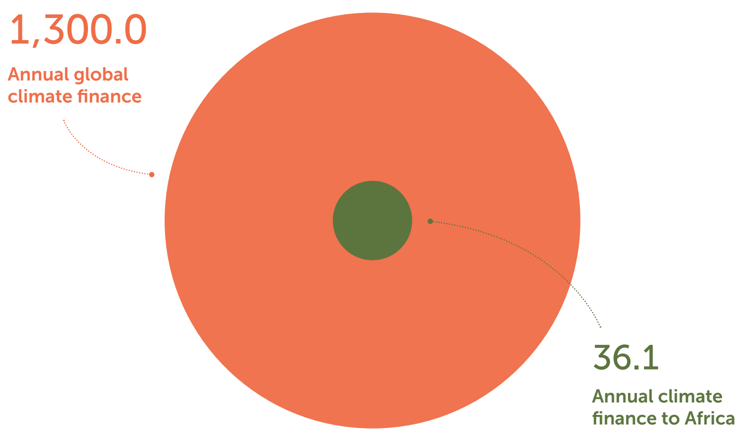
Africa receives less than 3% of total climate finance flows to developing countries

As reported by the Climate Policy Initiative (CPI) and the Global Center on Adaptation (GCA), worldwide climate finance commitments by public, private, international and domestic providers reported an annual average of $1.3 trillion in 2021/22, a near twofold increase from the $653 billion average in 2019/2020.

Of these global $1.3 trillion in commitments, only $63 billion were earmarked for adaptation (5%), a slight decrease in share compared to 2019/20 (7%).

Africa only received $36.1 billion (2.8% of the total) in 2021/22, of which 36% or $13 billion were earmarked for adaptation.[7]

Africa & world: share of climate finance ($ billion) (2021/2022)



Source: MIF based on CPI & GCA (2024)

Africa only received 2.8% of total global climate finance in 2021/2022

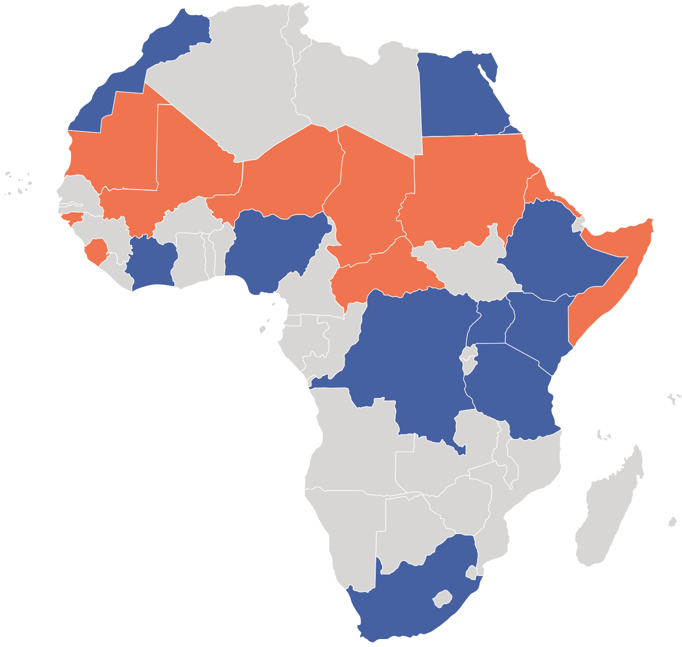
Largest African recipients of climate finance are not the ones most in need

Ten African countries received almost half (46%) of climate finance going to the continent in 2021/22 as reported by CPI: Côte d'Ivoire, DR Congo, Egypt, Ethiopia, Kenya, Morocco, Nigeria, South Africa, Tanzania and Uganda.[8]

This list includes none of the ten countries most vulnerable to climate change as per the Notre Dame Global Adaptation Initiative (ND-GAIN) Index's vulnerability score in 2022: Central African Republic, Chad, Eritrea, Guinea-Bissau, Mali, Mauritania, Niger, Sierra Leone, Somalia and Sudan.[9]

10 countries received 46% of climate finance to Africa in 2021/22

Africa: 10 largest recipients of climate finance (2021/22)
and 10 most climate-vulnerable countries (2022)



Highest vulnerability to climate change
Largest recipients of climate finance

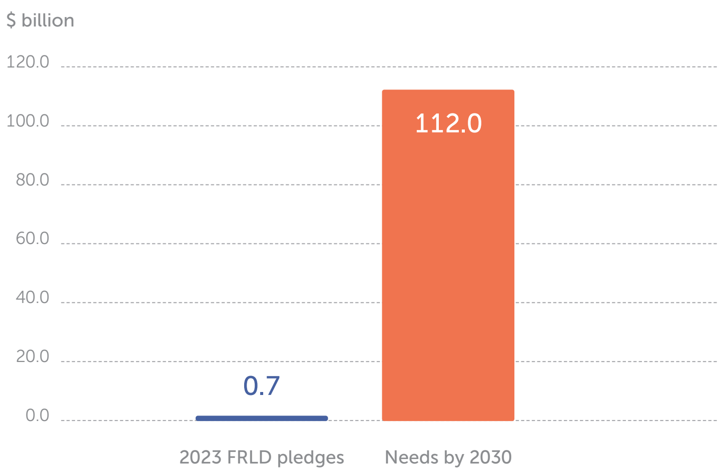
Source: MIF based on CPI (2024)
and ND-GAIN (2022)

Less than 1% of Africa's loss and damage needs are met

Sub-Saharan Africa alone is estimated to face $112 billion in loss and damage-related costs by 2030.[10] Loss and damage generally refers to the consequences of climate change that go beyond what people can adapt to, e.g. the loss of lives, homes or heritage sites due to rising sea levels or extreme weather events.

Pledges to the Fund for Responding to Loss and Damage (FRLD), which was agreed upon at COP27 and institutionalised under the auspices of the World Bank at COP29 in 2024, currently total around $700 million or 0.6% of Africa's loss and damage needs.[11]

Sub-Saharan Africa: FRLD pledges and loss & damage needs by 2030



Source: MIF based on Markandya & González-Eguino (2019) and UNFCCC (2023)

Sub-Saharan Africa faces up to $112 billion in loss and damage by 2030

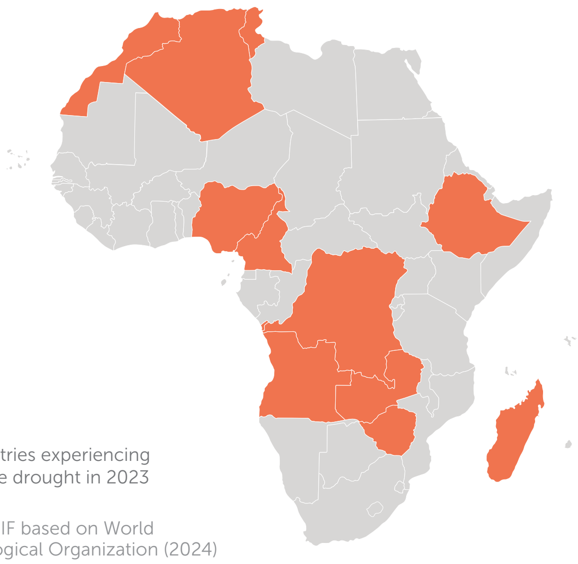
Africa is most vulnerable to drought, and almost $200 billion are needed to tackle desertification

Africa has seen a temperature increase higher than the global average (around +0.3°C per decade since 1991), with the highest temperature anomalies of 2023 recorded in North-Western Africa. The Horn of Africa, South-Central Africa and Madagascar also recorded severe droughts in 2023.[12]

Drought and desertification have a devastating impact on food systems. Of the 19 'hunger hotspots' identified by early warning systems for 2025, 16 are located across Eastern and Southern Africa and the Sahel where a total of 115.7 million people are facing acute food insecurity.[13]

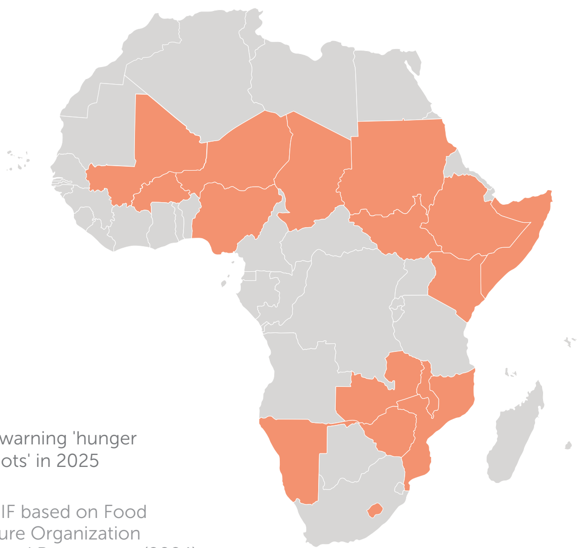
In the first ever assessment of its kind, the 2024 UN Convention to Combat Desertification (UNCCD) estimated that Africa needs at least $191 billion annually to restore 600 million hectares of degraded land.[14]

African countries: severe drought (2023) and 'hunger hotspots' (2025)



Countries experiencing severe drought in 2023

Source: MIF based on World Meteorological Organization (2024)



Early warning 'hunger hotspots' in 2025

Source: MIF based on Food & Agriculture Organization & World Food Programme (2024)

The FAO has identified 16 'hunger hotspots' across Africa for 2025

Climate finance runs risk of crowding out development finance

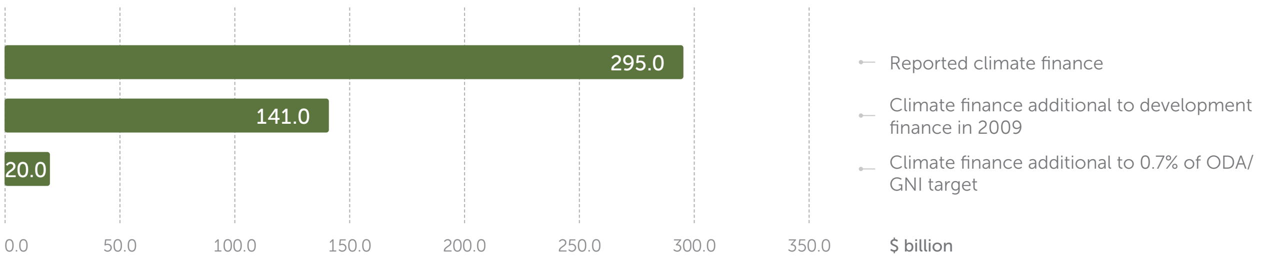
In 2015, the UN General Assembly agreed that climate finance should be 'new and additional' and should not come at the expense of other development targets or reclassify already-existing development finance commitments as climate-focused.

However, from 2009 to 2018, only $43.6 billion of the $78.9 billion reported public climate finance was additional, meaning that almost 45% came at the expense of other development finance, according to the Center for Global Development (CGD).[15]

Similarly, CARE reports that only 7% of climate finance provided between 2011 and 2020 was found to be 'new and additional' to high-income countries' existing Official Development Assistance (ODA) commitments.[16]

Only 7% of climate finance from high-income countries from 2011-2020 was truly 'new and additional'

UNFCCC Annex II countries: additionality of climate finance flows (2011-2020)



Source: MIF based on CARE Denmark & CARE Climate Justice Center (2023)

COP29 in Baku missed the mark on delivering climate finance for developing countries

Despite being dubbed the 'Finance COP', Baku still fell short on addressing developing countries' and specifically Africa's climate finance needs.

In a New Collective Quantified Goal (NCQG) decision, the COP29 presidency called on all actors to scale up climate finance for developing countries to at least $1.3 trillion per year by 2035. Developed countries' climate finance for developing countries shall be raised to $300 billion a year by 2035, tripling the amount previously set in 2009.[17]

Despite having outlined a NCQG, the decisions made at COP29 lack enforceable mechanisms to make polluters pay – a core priority which the African Group of Negotiators had brought to last year's summit.

Negotiators from developing and developed countries did not see eye to eye about the $300 billion annual target, with one side arguing that it will be difficult to achieve without broadening its contributor base to include emerging economies like China, and the other arguing that it still falls short of needs and responsibility – partly because the majority is supposed to come from non-concessional loans, private investments and alternative sources such as levies instead of grants.

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[5] UNFCCC Standing Committee on Finance (2024), p. 8.

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