Climate Funds Update

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CLIMATE FINANCE REGIONAL BRIEFING: SUB-SAHARAN AFRICA

CLIMATE FINANCE FUNDAMENTALS 7

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Sub-Saharan Africa (SSA) is the region least responsible for global climate change and most vulnerable to its impacts. A multitude of actors are involved in directing climate finance to the region, both to support low-carbon development and to help countries adapt to the severe impacts that are already being felt. The Green Climate Fund (GCF), in 2024 and now in its second replenishment period (GCF-2), continues as the largest multilateral climate fund contributing to the region, followed by the Least Developed Countries Fund (LDCF), the Global Environment Facility (GEF) Trust Fund and the World Bank-administered Clean Technology Fund (CTF). For the funds tracked, Climate Funds Update (CFU) data indicates that USD 9.4 billion has been approved for 1,116 projects and programmes throughout SSA since 2003. Just over a third, or 38% of the approved funding from these multilateral climate funds has been provided for adaptation measures. Grant financing continues to play a crucial role in ensuring that climate actions secure multiple, people-centred and gender-responsive benefits for the most vulnerable countries and population groups. Recent findings by the Intergovernmental Panel on Climate Change (IPCC) suggest that public grants for mitigation and adaptation funding in SSA are cost-effective and have high social returns, including for access to basic energy (IPCC, 2022a and 2023).

Introduction

Although SSA[1] is responsible for less than 4% of annual global greenhouse gas (GHG) emissions, it is the region most susceptible to the dangerous impacts of climate change, many of which are already being experienced: surface temperatures on and sea levels around the continent increase faster than the global average, for example (IPCC, 2021; IPCC, 2022a). In climate change planning, and with respect to increasing the ambition of their Nationally Determined Contributions (NDCs), many countries in SSA are therefore focusing on long-term adaptation needs (UNDP, 2021). Of particular concern is the relationship between climate change, food production, food prices and extreme weather conditions, which collectively threaten food security. In SSA, crop yields are projected to decline by 5% to 17% by 2050 due to climate change, especially in key staples. Indeed, the largest projected increases of people living in poverty because of climate change are expected in Africa, mainly due to the continent's heavily agriculture-dependent economy (FAO, 2024), with some estimates that an additional 40 million people in SSA could face chronic hunger in 2050 due to climate change (UNEP, 2023). The majority of SSA's population lives in rural areas and continues to depend on weather-sensitive activities such as rain-fed agriculture, herding, and fishing for their livelihoods (IMF, 2022).

Current levels of climate finance directed to SSA are insufficient to meet the region's demonstrated need for adaptation finance, which already several years ago were estimated to reach USD 50 billion per year by 2050 under an optimistic 2°C warming scenario (UNEP, 2015), and could require up to 4.9% of the region's GDP with adaptation finance needs potentially as high as USD 96 billion a year (UNEP, 2023). A bottom-up analysis of the NDCs of 51 African countries cumulatively shows an even higher need for an estimated USD 579 billion in investment for adaptation through 2030 (CPI, 2022; GCA, 2022). The most disenfranchised, and therefore the most vulnerable population groups in the region, have received limited support so far. A significant barrier to investment is the transaction costs of the small-scale projects that are often required in the poorest areas. Public sector grant finance will continue to play a crucial role in allowing for significant environmental, developmental, social and gender equality co-benefits of climate actions in the region to be realised, not only for adaptation measures but also for access to basic energy and to address energy poverty (IPCC, 2023).

Where does climate finance come from?

Table 1 and Figure 1 present the multilateral climate funds tracked by CFU in the region. The GCF by a vast margin is the major source of climate finance for SSA since its first project approvals in 2015, with USD 3.7 billion approved to date for 85 projects plus USD 169 million for 201 readiness programmes. The LDCF, which implements urgent adaptation activities prioritised by least developed countries (LDCs) under National Adaptation Programmes of Actions (NAPAs) and National Adaptation Plans (NAPs), is the second largest provider in the region with USD 875 million in grant funding for 184 projects. The GEF remains the third largest contributor in the region and has now approved USD 772 million for 218 projects. The CTF has meanwhile approved a total of USD 708 million for 16 renewable energy and energy efficiency projects in Burkina Faso, Ethiopia, Kenya, Nigeria, South Africa, Tanzania and Uganda, demonstrating a clear difference in fund remits and investment strategies.

Bilateral climate finance also flows to SSA. Such climate finance complements the multilateral climate fund flows. This also includes the bilateral climate funds of Germany, the United Kingdom and Norway, who are active in the region.[2] Bilateral funds, however, are not tracked by CFU given their relative lack of transparently available detailed information of current activities and spending.

Table 1: Climate funds supporting sub-Saharan Africa (2003–2024, USD millions)

Fund	Amount approved	Projects approved
Green Climate Fund (GCF-IRM, GCF-1, GCF-2)	3,697.8	85
Least Developed Countries Fund (LDCF)	875.4	184
Global Environment Facility (GEF-4, 5, 6, 7, 8)	771.6	218
Clean Technology Fund (CTF)	707.6	16
Central African Forest Initiative (CAFI)	627.0	37
Forest Carbon Partnership Facility (FCPF)	418.2	24
Adaptation Fund (AF)	365.7	125
Global Climate Change Alliance (GCCA)	358.8	46
Scaling up Renewable Energy Program in Low Income Countries (SREP)	304.0	26
Pilot Program for Climate Resilience (PPCR)	294.9	29
Forest Investment Program (FIP)	288.0	25
Adaptation for Smallholder Agriculture Programme (ASAP)	200.6	28
BioCarbon Fund	83.7	5
Congo Basin Forest Fund (CBFF)[3]	83.1	37
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	40.5	2
UN-REDD Programme	36.4	8
Special Climate Change Fund (SCCF)	33.5	13
Millennium Development Goals Achievement Fund (MDG-F)[4]	20.0	4
Partnership for Market Readiness (PMR)	5.9	3

Figure 1: Funds supporting sub-Saharan Africa (2003-2024)

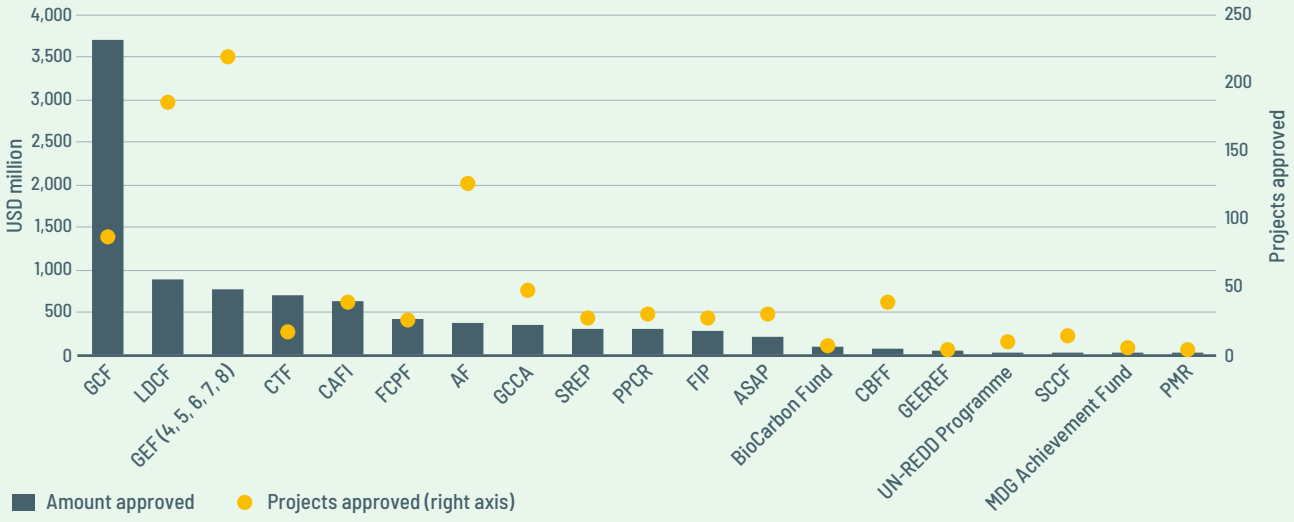
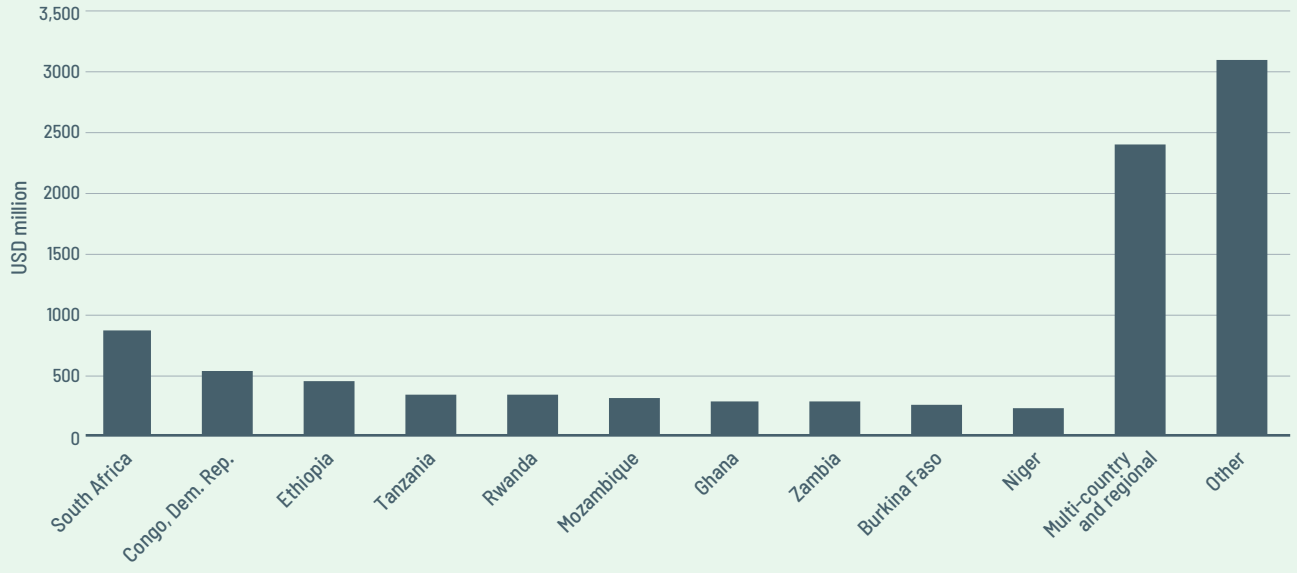


Figure 2: Top ten recipient countries by amount approved (2003-2024)



In 2021, France, Germany, the Netherlands, Denmark, the United Kingdom, the United States and the European Union committed to fund a USD 8.5 billion concessional funding package for South Africa over five years under the new Just Energy Transition Partnership (JETP) initiative announced at COP26 for decarbonisation projects as well as for coal worker and community support programmes. With South Africa's investment plan and implementation plan finalised, implementation has begun in 2023, with first loan tranches released (South Africa Presidency, 2022 and 2023; United Kingdom, 2023). The vast majority of this funding is expected to be provided as loans. However, in early March 2025, the US government under the Trump administration cancelled its participation in and funding for the JETP, although the remaining partners indicated that they would continue their support (Chime, 2025). A second JETP in the region was announced for Senegal in 2023 with a promised EUR 2.5 billion (of which only EUR 150 million will be provided as grants) mobilised over three to five years through the support of France, Germany, the United Kingdom, Canada, and the European Union to increase the share of renewable energies in installed capacity to 40% of Senegal's electricity mix by 2030 (EC, 2023).

Who receives the money?

A large share of climate finance for SSA has been directed to South Africa, which has received over 9% of funding approved by the multilateral climate funds since 2003 (Figure 2). Much of the finance South Africa received is CTF supported, including the Eskom renewable energy programme; under the CTF's new Accelerating Coal Transition (ACT) programme, as announced in 2021, South Africa will receive an additional USD 500 million in CTF support as part of a promised multi-year USD 8.5 billion international investment package to help the country shift away from coal power generation (CIF, 2021, 2022a and 2022b). Although 42 countries in SSA have received some funding, approximately half (41%) of the region's approved funding has gone to the top ten recipient countries. However, climate funds are also reaching fragile or conflict affected states such as Liberia, Chad, Burundi and Somalia.

Figure 3: Approved funding across themes (2003-2024)

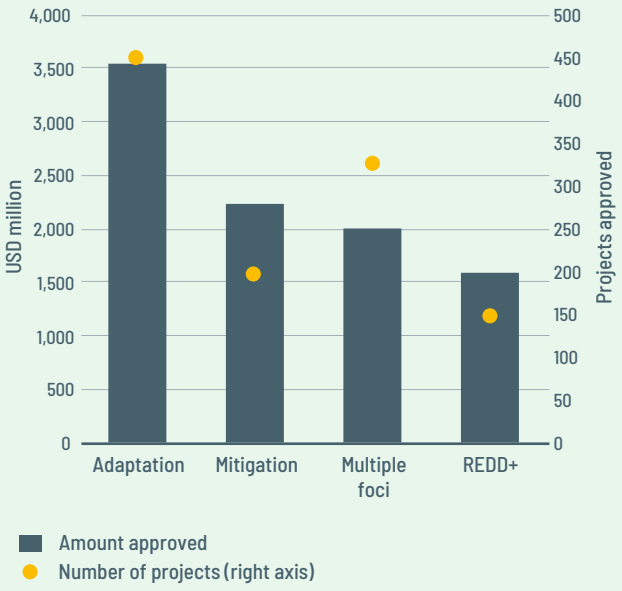


Table 2: Approved funding across themes (2003-2024)

Theme	Amount approved (USD millions)	Projects approved
Adaptation	3,548.9	448
Mitigation	2,227.5	196
Multiple foci	2,004.8	326
REDD+ (reducing emissions from deforestation and forest degradation, forest conservation, sustainable forest management and the enhancement of forest carbon stocks)	1,600.1	146

What is being funded?

Figure 3 and Table 2 illustrate that the largest percentage (and number) of projects support adaptation objectives, reflecting the extreme vulnerability of many SSA countries to the impacts of climate change.

Positive developments were seen in 2024 in international climate finance going to SSA. The GCF was once again the largest international funding source of climate finance for the region, with USD 620.2 million approved for 33 new GCF projects and programmes including 19 readiness projects (USD 31.5 million). The two largest projects in SSA approved in 2024 were also via the GCF. One is a regional programme, which provides USD 151 million to five countries to improve food security and livelihoods in the Horn of Africa (with USD 60.3 million in loans). The second programme aims to enhance the resilience of agricultural systems in Somalia by providing grant finance of USD 79.7 million to promote sustainable practices and technologies.

With respect to the other multilateral climate change funds: three new grant finance projects were approved by the GEF (USD 4 million in total) to enhance Uganda, Ethiopia and Togo's institutional capacity to meet the transparency and reporting requirements of the Paris Agreement; two new projects were approved by the LDCF (USD 27 million in total); the Adaptation Fund (AF) approved three new projects in SSA in 2024 totalling USD 8.2 million, including two projects to improve agricultural practices and boost the resilience of communities and ecosystems in Zimbabwe and Benin (totaling USD 7.9 million), and one project in Senegal to enhance agricultural productivity (USD 0.3 million). The Climate Investment Funds (CIFs) saw limited project development in 2024, with the Forest Investment Program (FIP), the Pilot Program for Climate Resilience (PPCR) and the Clean Technology Fund (CTF) not approving any projects this year. The Scaling Up Renewable Energy Program (SREP) approved the only project under the CIFs allocating USD 0.5 million for technical preparatory studies to establish a green bank in Kenya.

Additionally, six projects were approved in support of REDD+, with the Central African Forest Initiative (CAFI) approving four projects - three with a regional impact (totalling USD 74 million) and one in Central African Republic (USD 0.6 million). Meanwhile, the BioCarbon Fund signed its second Emission Reductions Purchase Agreement (ERPA) with Zambia, potentially unlocking up to USD 30 million in results-based payments, along with an additional project to support the implementation of this ERPA for USD 12 million.

International climate finance is thus improving its flow into the region, although the challenge of project implementation – with the speedy disbursement of funds – remains.

Box 1: Climate finance in SSA in LDCs

LDCs are some of the countries most vulnerable to the impacts of climate change. A number of LDCs in SSA are also fragile and conflict affected states that make spending more complex and can often require context-specific solutions. The multilateral climate funds have tended to focus finance in the LDCs within the SSA region. Since 2003, 29 LDCs have been supported with USD 5.2 billion, representing 55% of overall approved finance for the region. The Democratic Republic of Congo, Ethiopia, Tanzania, Rwanda, Mozambique, Zambia, Burkina Faso, Niger and Madagascar and Mali are all LDCs due to receive more than USD 200 million for approved project activities.

The GCF target of dedicating 50% of approved finance to adaptation projects, and half of this amount to LDCs, SIDS and African States, means that the fund has become an increasingly important source of climate finance to African LDCs. In 2024, the GCF accounted for 35% of cumulative project approvals for SSA LDCs. In 2024 alone, the GCF approved nine single country projects in LDCs in Burundi, Ethiopia, Malawi (2), Rwanda, Mozambique, Sierra Leone, Somalia and Senegal for a combined USD 284 million, as well as two regional programmes with mostly LDC participants, worth another USD 200 million in GCF support. The LDCF, which before 2020 led in support for SSA LDCs, now accounts for 17% of cumulative project approvals.

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Endnotes

1. Financing for five SSA countries (Cabo Verde, Comoros, Guinea-Bissau, Mauritius and the Seychelles) is captured in CFF12 on Small Island Developing States (SIDS).
2. In 2014, the last year when CFU was able to track bilateral climate funds, cumulative bilateral flows to SSA included USD 98 million from Germany's Internationale Klimaschutzinitiative (IKI, international climate initiative), USD 36 million from Norway's International Climate and Forest Initiative (NICFI) and USD 169 million from the UK's International Climate Finance (ICF).
3. The Congo Basin Forest Fund (CBFF) operated for a ten year period from 2008-2018 and was formally closed in 2018; it has been succeeded in the region by the Central African Forest Initiative (CAFI).
4. The Millennium Development Goal Achievement Fund (MDG-F) was operational from 2007-2013. As of May 2019, all of its projects had been financially closed.

The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at **www.climatefundsupdate.org**

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