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Adaptation Finance Flows to Africa – State and Future Trends

Technical Brief for the High-Level Development Partners' Convening
on the Africa Adaptation Acceleration Programme (AAAP) 2.0

Foreword

Africa is living the front line of the climate crisis. Every season now arrives with a sharper edge: longer droughts, heavier floods, and intensifying storms that threaten lives, undermine development gains, and strain already-tight public budgets. Adaptation is no longer a choice at the margins; it is the foundation of resilient, inclusive growth. This joint Global Center on *Adaptation–Climate Policy Initiative* report, *Adaptation Finance Flows to Africa – State and Future Trends*, provides a clear, data-driven view of where we stand—and a compass for where we must go next.

The findings are sobering and galvanizing. Africa’s assessed needs for adaptation investment are at least USD 70 billion per year—and likely far higher—yet tracked adaptation finance to the continent reached only USD 14.8 billion in 2023, even after more than doubling since 2017. The structure of those flows is equally consequential: roughly 90 percent comes from international public institutions; more than half arrives as loans, adding to debt burdens already aggravated by climate vulnerability; and the private sector accounts for only a small fraction of the total. Regional disparities persist, with Central Africa lagging, and sectoral allocations remain concentrated while critical resilient infrastructure—energy, transport, and the built environment—too often sits just beyond the frontier of investability. These are not mere statistics; they are signals for action.

The report also issues a warning about headwinds on the horizon. Projected declines in official development assistance (ODA) to Sub-Saharan Africa—combined with pressure on public budgets globally—risk eroding the very “ring-fences” that have protected climate and adaptation spending in recent years. If we allow these ring-fences to fray, the world will pay more later for disaster response and recovery, and progress toward the Paris Agreement

will slow at precisely the moment it must accelerate. We cannot adapt by adding unsustainable debt, nor can we sustain resilience by relying on emergency relief alone. We must protect adaptation finance today to avoid vastly larger costs tomorrow.

And yet, this is also a year of innovation. Across Africa we see development banks, insurers, and venture investors testing targeted instruments that price, mitigate, and transfer climate risk more efficiently. The task now is to scale what works and retire what doesn’t, with discipline about effectiveness and impact. Quantity matters; quality matters just as much.

The Global Center on Adaptation, through the Africa Adaptation Acceleration Program, will continue to broker solutions, advise on policy and project design and help channel capital toward transformational adaptation at speed and scale. But success requires a coalition: governments, multilateral development banks and development finance institutions, philanthropies, institutional investors, insurers, and innovators working as partners, not in silos. The choice before us is stark: allow climate shocks to set the pace of Africa’s development, or finance resilience so Africa can set the pace itself.

This report is a call to keep promises and raise our sights: from billions to the many tens of billions annually that African economies require; from one-off projects to pipelines and platforms; from incremental improvements to systemic resilience that leaves no region behind. The cost of inaction will compound. The dividend of decisive action will multiply.

Let us choose to act—together, and now.



H.E. Macky Sall
4th President of the Republic of Senegal; Chair, Supervisory Board, Global Center on Adaptation



Professor Patrick V. Verkooijen
President & CEO, Global Center on Adaptation

Overall Trends

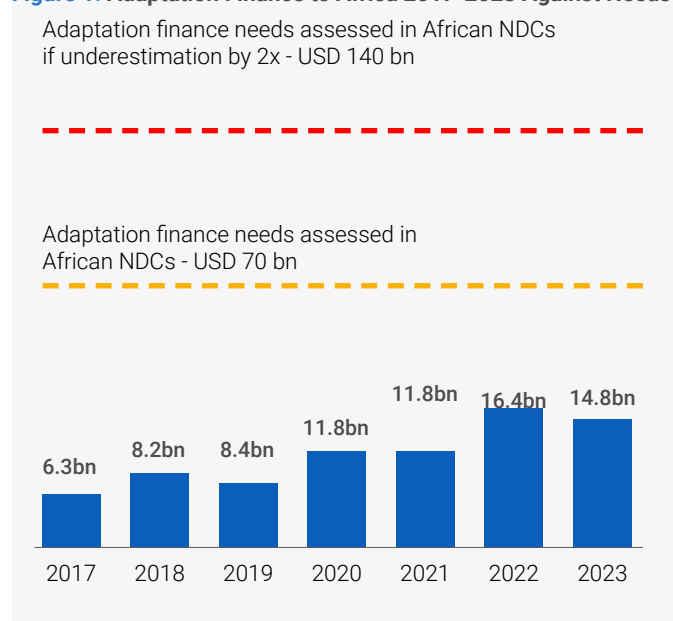
Global adaptation finance significantly lags behind climate mitigation flows. Of the total USD 1.9 trillion in total climate finance tracked in 2023, USD 65 billion (3%) was committed to adaptation (and another USD 58 billion to activities with dual adaptation and mitigation benefits).¹

CPI's [2024 Landscape of Climate Finance in Africa](#) finds that – per African NDCs – the continent needs USD 70 billion per year for adaptation, though this may be an underestimate by as much as 100%.² Adaptation finance to Africa more than doubled from 2017 to 2023, from USD 6.3 billion in 2017 to USD 14.8 billion in 2023. Nevertheless, these flows remain many times below assessed needs, and without immediate action, Africa's future costs related to climate change will far exceed the finance needed today – reaching up to 20% of the continent's GDP by 2050 and ranging from 64% to 80% by 2100.^{3,4}

On average about 90% of tracked adaptation finance to Africa comes from international public institutions, so shifts in ODA have enormous impact on adaptation funding. Net bilateral ODA flows from DAC members to Africa declined 1% from 2023 to 2024 and in 2025, the OECD projects that countries in Sub-Saharan Africa will see a 16-28% decline in net bilateral ODA from DAC providers. The projected decline is substantially driven by announced cuts from France, Germany, the United Kingdom, and the United States, which all cut ODA in 2024. If those four countries proceed with announced cuts in 2025, it will be the first time that all four countries have cut ODA simultaneously for two consecutive years.⁵

In the absence of final reported data for adaptation financial flows in 2024 and 2025, uncertainty persists about the state of current adaptation finance as well as the forward-looking picture beyond 2025. Here, we consider a low-upside and high-upside scenario to understand potential pathways. There are, of course, future scenarios across a more diverse spectrum than a binary 'high-upside' or 'low-upside', but the goal of this analysis is to elucidate interventions that those two scenarios might merit. The table below captures these scenarios, while the figure that follows illustrates potential pathways for finance to Africa beyond 2023.

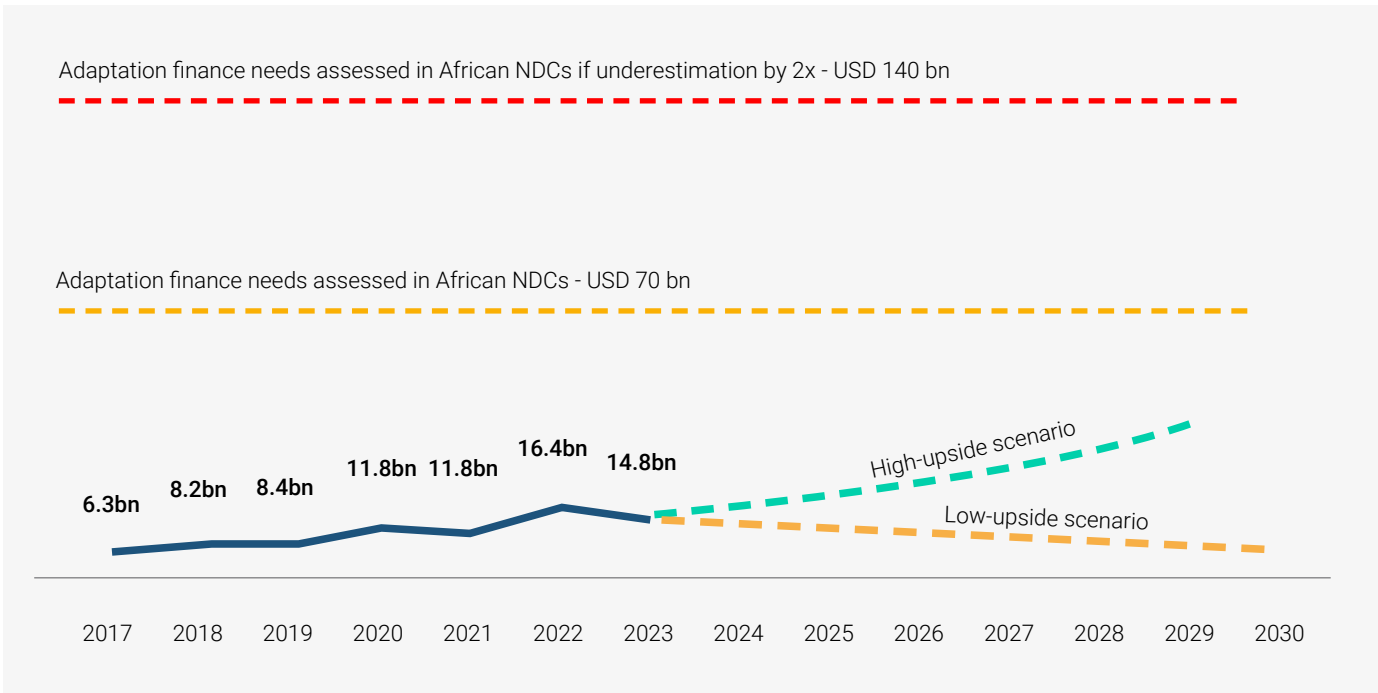
Figure 1. Adaptation Finance to Africa 2017-2023 Against Needs



- 1 CPI, 2025. Global Landscape of Climate Finance 2025. <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2025/>. Revised analysis of 2023 flows will be released by CPI in Q4 2025. The values in this document represent best available information as of September 2025.
- 2 2023 analysis from CPI and GCA predicted that African countries' estimated adaptation finance needs—calculated based on NDC submissions—are likely to be less than half the required amount, given that as of 2023 only 28 African countries provided costed estimates for adaptation in their NDCs.
- 3 Christian Aid. 2022. The cost to Africa. Available [here](#).
- 4 Burke M, Hsiang SM, Miguel E. 2015. Global non-linear effect of temperature on economic production. *Nature*. 527(7577):235–239. doi:10.1038/nature15725.
- 5 OECD Press Release, April 2025; OECD Policy Brief, June 2025

Low-upside scenario	High-upside scenario
<div>1. Previous ‘ring fences’ for climate finance within ODA spend decline or disappear altogether and similar reductions to the overall ODA picture are seen for climate finance.</div> <div>2. Countries reduce or fail to increase contributions to multilateral institutions that provide climate finance.</div> <div>3. Increasing frequency and severity of climate events creates a vicious cycle of funding available only for immediate disaster response with limited funds for resilience building.</div> <div>4. African countries see limited international engagement in resolution of high debt burdens.</div>	<div>1. Previous ‘ring fences’ for climate finance within ODA spend remain.</div> <div>2. New donors emerge as leaders in climate and wider development finance, particularly in Asia.</div> <div>3. Climate adaptation solutions become increasingly bankable, driving down the cost of capital and drawing in commercial capital.</div> <div>4. Development finance increasingly embeds climate risk and resilience principles.</div>

Figure 2. Adaptation Finance to Africa, by Scenario through 2030

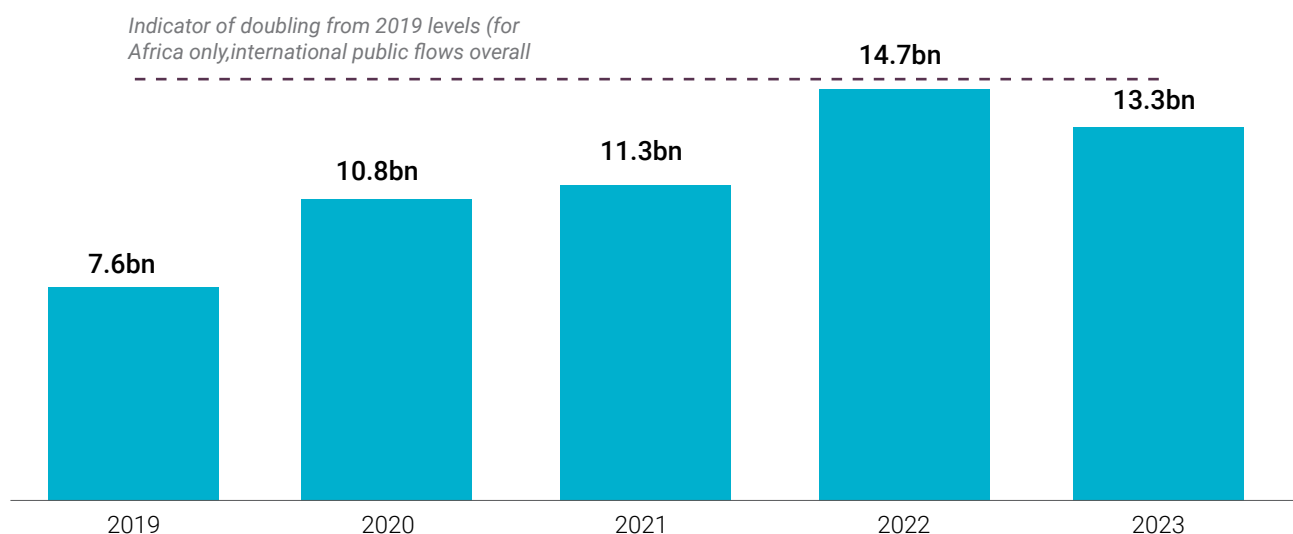


Indicators of Progress on the Glasgow Climate Pact Doubling Call

The Glasgow Climate Pact, adopted in November 2021, urged developed country Parties to at least double their collective climate finance for adaptation to developing country Parties from 2019 levels by 2025. The figure

below captures adaptation finance from international public institutions to Africa between 2019 and 2023. The Glasgow Climate Pact doubling call has a global remit where this analysis is focused on Africa and the figure below is distinct from the specific OECD methodology associated with the Pact. This analysis therefore aims to give a broad overall picture of trends in achieving the target in the African context.

Figure 3. Adaptation Finance to Africa, by Scenario through 2030

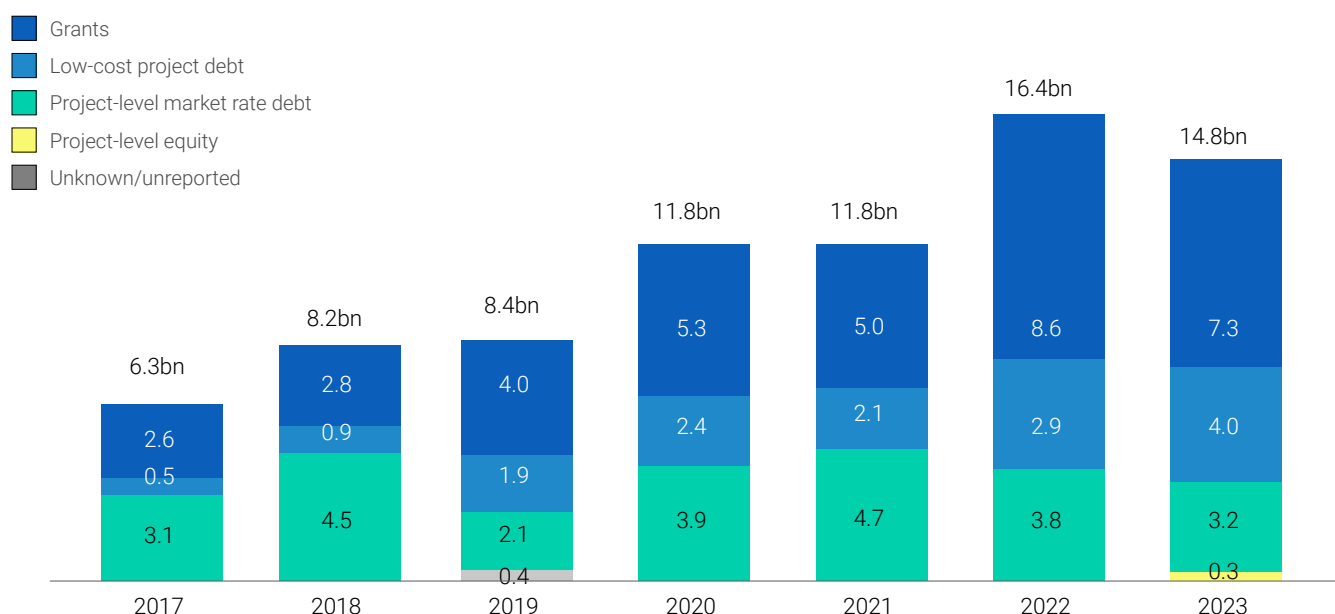


Financial Instrument Analysis

More than half (53%) of the adaptation finance commitments to Africa in 2017-2023 were loans. Recent reporting by the IMF suggests that global public debt will increase to as much as 95% of GDP in 2025⁶ and data from the Notre Dame Global Adaptation Initiative (ND-GAIN) Index and the IMF's World Economic Outlook

reveals that almost all low-income countries facing high sovereign debt levels are highly vulnerable to climate change.⁷ Climate vulnerability itself has compounding financial repercussions: one study found that climate vulnerability raised the average borrowing cost by 1.2%.⁸

Figure 4. Adaptation Finance to Africa, Trends by Financial Instrument



⁶ IMF 2025 <https://www.imf.org/en/Blogs/Articles/2025/04/23/rising-global-debt-requires-countries-to-put-their-fiscal-house-in-order>

⁷ Hebbale, C. & Urpelainen, J. (2023). Debt-for-adaptation swaps: A financial tool to help climate vulnerable nations. Brookings. <https://www.brookings.edu/articles/debt-for-adaptation-swaps-a-financial-tool-to-help-climate-vulnerablenations>

⁸ Buhr, B. & Volz, U. (2018). Climate Change and the Cost of Capital in Developing Countries. Imperial College Business School and SOAS University of London. https://eprints.soas.ac.uk/26038/1/ClimateCostofCapital_FullReport_Final.pdf

The global adaptation funding gap is widening, driven substantially by increasing costs of adaptation finance. To reduce the gap between existing adaptation finance and global adaptation finance needs, various financial instruments beyond traditional debt approaches are needed to unlock and scale investments. Though traditional instruments are needed to spur and bridge the gap of public adaptation investments, climate adaptation

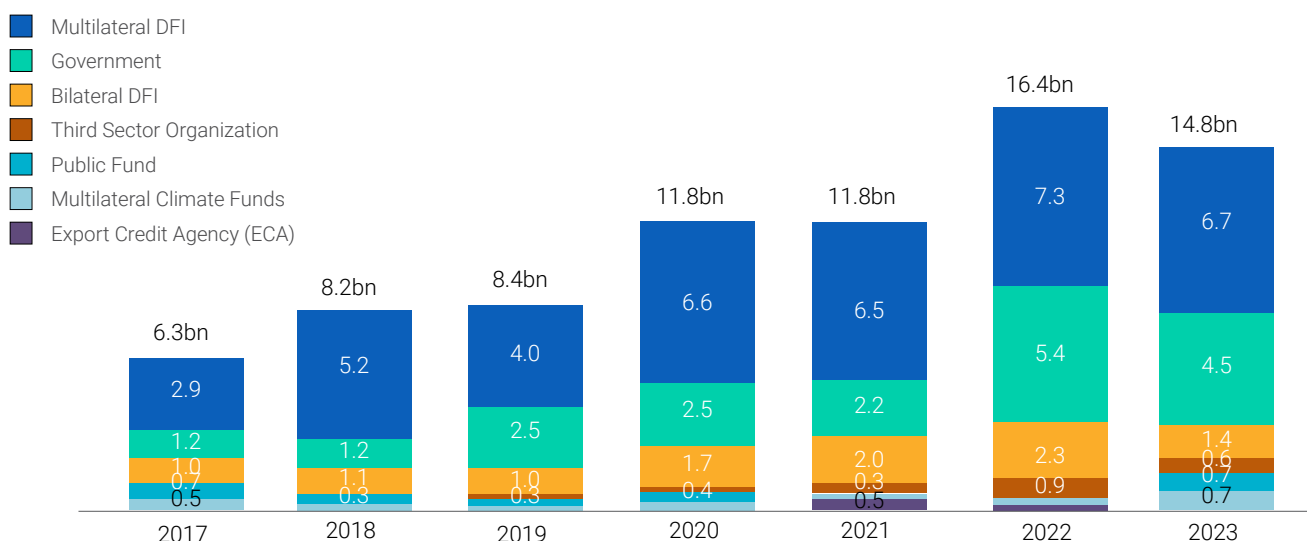
finance mobilization requires an array of financial instruments, risk mechanisms, and broader finance-related solutions instruments beyond market-based debt (such as debt-for-climate swaps, liquidity instruments, and results-based finance) to balance and scale the finance flows without further aggravating debt burden, especially on already vulnerable and severely indebted countries.

Financing Source Analysis

From 2017 to 2023, multilateral DFIs were the most significant source of adaptation finance flows in Africa, followed by governments, and bilateral DFIs. Multilateral climate funds play a proportionally small but increasingly important – and potentially catalytic – role in the adaptation finance landscape. The ratio of international

to domestic finance for adaptation was 98:2. This reflects constraints of tracking domestic public finance to adaptation and also captures real limitations in domestic resource mobilization.

Figure 5. Adaptation Finance to Africa, Institutional Source Trends

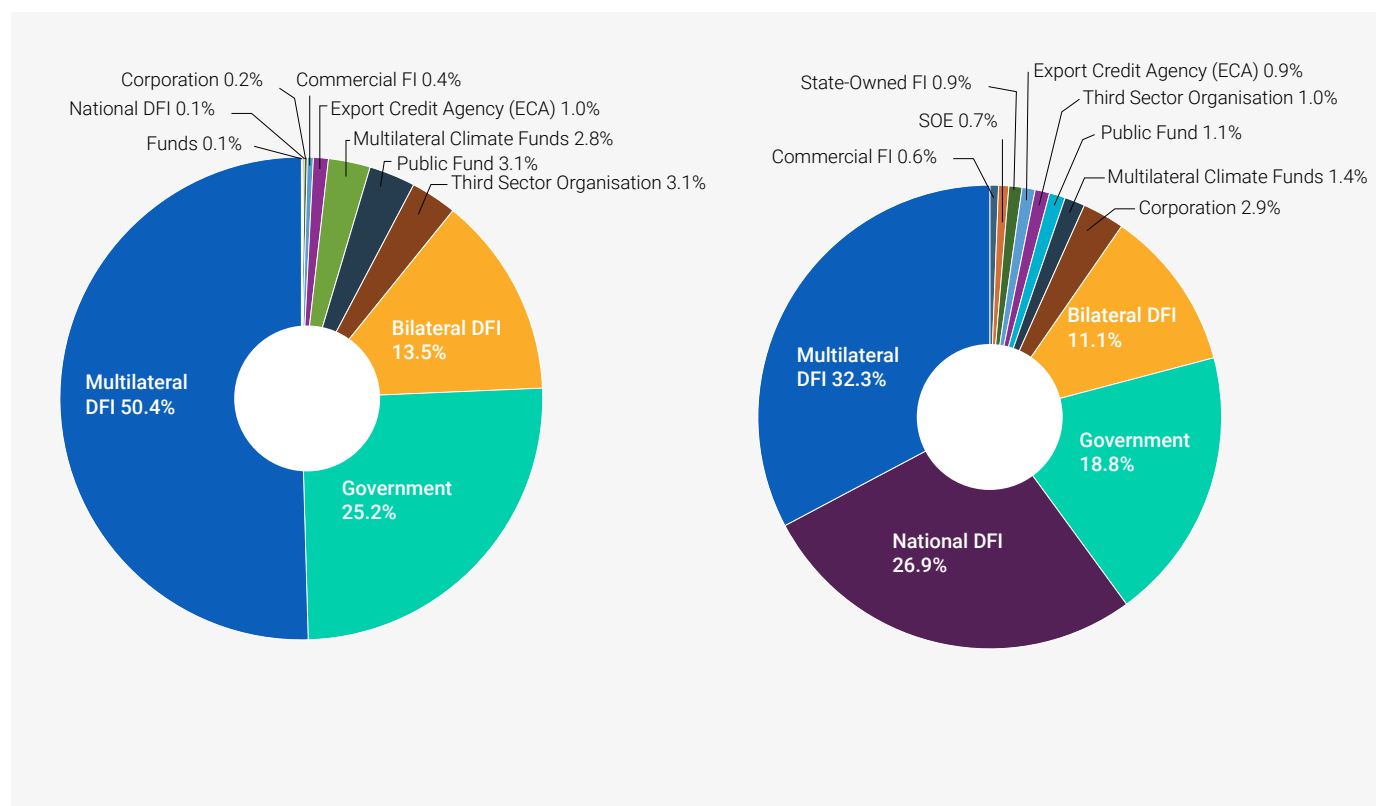


The private sector must be part of efforts to bridge the adaptation funding gap in Africa. The need for private sector participation in adaptation across the globe is particularly evident in Africa, where the private sector contributed about 6% of tracked adaptation finance in 2022-2023 (and a substantial portion of these funds come from philanthropies). The private sector must be part of efforts to bridge the adaptation funding gap in Africa. The need for private sector participation in adaptation across the globe is particularly evident in Africa, where the private sector contributed about 6% of tracked adaptation finance in 2022-2023 (and a substantial portion of these funds come from philanthropies). The opportunity for commercial

financiers and private enterprises to develop and finance adaptation solutions, products and services is enormous. products and services is enormous.

As illustrated in Figure 6, multilateral DFIs and governments make up a larger proportion of adaptation finance to Africa (76%) than the global average (51%) while national DFIs play a more significant role in adaptation finance outside of Africa (especially in Asia). Going forward, in Africa and globally, there are real opportunities for DFIs and multilateral climate finance alongside other collaborating institutions to cooperate on joint mechanisms to effectively target proposals to the right fund, program or pot of funding.

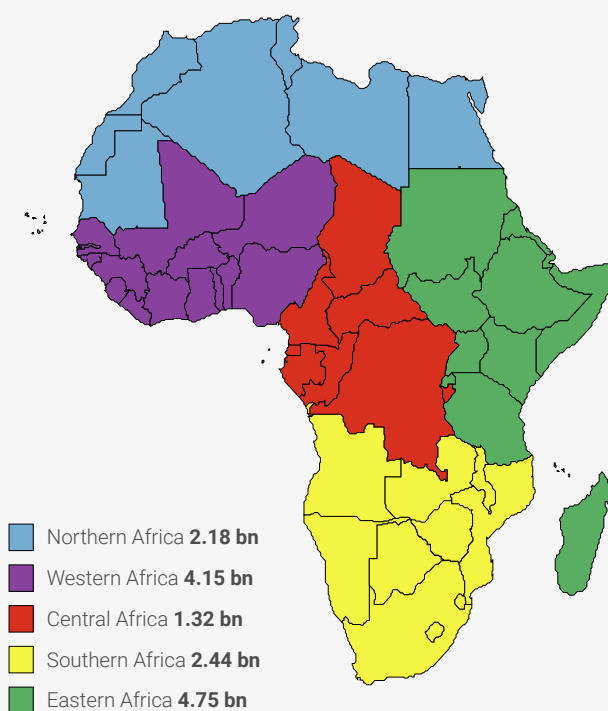
Figure 6. Comparison of Institutional Sources of Adaptation Finance, Africa vs. Global



Geographic Analysis of Sub-Regional Flows

Eastern and Western Africa saw the highest volumes of adaptation finance in 2023, while Central Africa lagged most notably at just over USD 1 billion to the region in 2023.

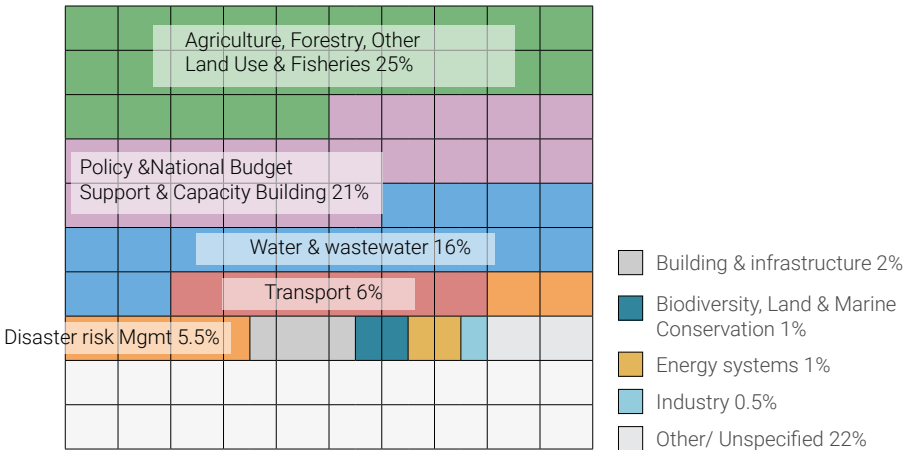
Flows are highly concentrated in countries with more advanced capital markets. Only a handful of countries in Africa have all the key strategic and planning elements for adaptation action in place: clear institutional mandates, priority sectors identified, adaptation costs estimated, and specific adaptation goals stated. These countries are more ready to absorb financing and implement adaptation programs at scale. Strengthening strategic planning, adaptation priority programs, and institutions is a critical task for most African countries.



Sectoral Analysis

Adaptation finance to Africa is relatively concentrated in a set of sectors: AFOLU, policy and budget support, water and wastewater, transport, and disaster risk management. Even still, finance is needed across sectors including AFOLU where funding must increase substantially to ensure food security. There is especially critically limited finance flowing to climate-resilient infrastructure in the key sectors of transport, energy, industry, and buildings & infrastructure.

Figure 8. Adaptation Finance to Africa, Sectoral Breakdown



Looking Ahead



While climate investment has been rising, adaptation finance to Africa was already under threat. Geopolitical shifts, trade tensions, and economic instability are testing international climate action in 2025. While these dynamics put pressure on public budgets, climate investment remains crucial to achieving long-term sustainability and well-being for global populations. High utilization of debt for adaptation finance also presents significant risk given existing severe debt burdens in many African countries (especially those facing most severe climate risk).



Globally and in Africa, public financial institutions have a key role to play in closing adaptation funding gaps. By developing adaptation finance commitments that are public, credible, and measurable, development agencies alongside public and private financial institutions can contribute significantly to closing the gap. Commitments and pledges should be especially focused on the most vulnerable countries that need far more adaptation funding support than they are currently receiving.



Despite these significant headwinds, 2025 is proving to be a year of innovation for adaptation finance in Africa, notably from public development banks, insurers and venture investors. Targeted financial instruments are being piloted by both public and private actors that can efficiently mitigate and transfer financial risk and physical climate risk. Sustaining and scaling these solutions will be crucial to filling investment gaps.



In an environment of increasingly scarce public finance, ensuring the quality—not just quantity—of adaptation finance will be critical. A better understanding of climate finance quality can ensure that limited resources are used optimally to catalyze sustained, transformational change rather than one-off, incremental improvements.



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