**New study finds that climate finance for Africa needs to grow 9x from $30 billion to $277 billion to meet 2030 climate goal**

**21 September 2022 –** [Research released today](https://www.climatepolicyinitiative.org/publication/landscape-of-climate-finance-in-africa/) from Climate Policy Initiative finds that total annual climate finance flows in Africa for 2020, domestic and international, were only USD 30 billion, just 11% of the USD 277 billion needed annually. While the financing gap is significant, Africa’s rapid urbanization, expanding infrastructure, and energy-access needs offer significant investment opportunities.

Commissioned by FSD Africa, the Children’s Investment Fund Foundation, and UK Aid, the *Landscape of Climate Finance in Africa* is a first-of-its-kind analysis to map climate finance flows in Africa by region, by sector, and by source. By improving the understanding of the volume, sources, thematic uses, and sectoral allocation of these flows the research will help investors and climate negotiators identify entry points, financing gaps, and opportunities for new investments. Crucially, the research also provides a baseline against which to measure progress on climate finance and the success of particular interventions.

**Key takeaways from the analysis include:**

* **Private sector financing remains too low.** It contributed only 14% (USD 4.2 billion) of total climate finance in Africa, much lower than in other regions like South Asia (37%), East Asia and Pacific (39%), and Latin America & Caribbean (49%).
* **CPI estimates that Africa requires $277 billion dollars annually to implement its Nationally Determined Contributions (NDCs) and meet its 2030 climate goals.**
* **However, the most recent data show annual climate finance stands at only $30 billion**. This gap is likely even greater. Countries often underestimate their climate finance targets, especially in relation to adaptation, due to data and methodological problems in costing their NDCs.
* **Investment gaps vary between countries, but all regions receive significantly less finance than they need**. The Southern African region bears the largest financing gap in absolute terms. This is mainly attributed to high climate finance needs of South Africa alone, estimated at USD 107 billion, combined with one of the lowest regional levels of climate investment.
* **Climate finance is concentrated with 10 countries accounting for more than 50% of Africa’s climate finance.** These include Egypt, Morocco, Nigeria, Kenya, Ethiopia and South Africa.
* **Africa strikes a better balance between adaptation and mitigation than other regions**. Mitigation accounted for 49% (USD 14.6 billion) of climate finance flows in Africa, followed by 39% (USD 11.4 billion) towards adaptation, and 12% (USD 3.5 billion) to dual benefits. This is a positive trend, given Africa’s disproportionately high vulnerability to climate change. Yet funding for both adaptation and mitigation must still increase by at least six and 13 times, respectively.
* **There is huge potential to translate Africa’s sustainable energy needs into investment opportunities and reduce investments in fossil fuels.** Africa will need around USD 133 billion annually in clean energy investment to meet its energy and climate goals between 2026–2030 (IEA, 2022). However, annualinvestment in renewable energy — arguably the most attractive sector for commercial investors — stands at a mere USD 9.4 billion.
* **Stakeholders need to boost funding for Agriculture, Forestry and Other Land Use in particular.** Despite the sector’s economic and social importance, and implications for food security, gender, biodiversity, and water security, it drew only 16% of the total climate finance in Africa.

**Recommendations from the analysis to address the current climate financing gap and accelerate investment into Africa’s diverse opportunities include:**

* Adapt strategies to address current and future country realities.
* Boldness to fund hard-to-abate sectors and less mature markets.
* Catalyze private finance, including domestic capital.
* Data tracking and disclosure to inform financing strategies.
* Enhance the enabling environment through capacity building.
* Facilitate climate investment at a sub-national level.

**CPI’s Global Managing Director Barbara Buchner** said**:** “Africa offers a wealth of climate-related investment opportunities. New value chains are taking root as the continent’s industrial mix extends beyond extractives and other traditional sectors. However, public and private actors must act with scale and speed to help bring Africa’s climate goals to fruition. While the investment opportunities are substantial, the social, economic, and environmental benefits which could be realized are even greater.”

**FSD Africa CEO Mark Napier** said: “Climate finance will be critical for enabling Africa to adapt to the growing impacts of climate change. Public and the much larger sums of private sources of financing remain critical components of climate finance for Africa. The research findings, represented in this new report, the Africa Landscape of Climate Finance, provide the first independent, comprehensive, and accurate analysis of the funding that is currently available to Africa. This data is crucial to set the context for negotiations at COP27 and for our ability to measure global progress on climate finance.”

“This report is a crucial one and comes at a time when it is urgently needed, and to inform the discussions and negotiations at COP27 in Egypt,” said **Valli Moosa, Deputy Chairperson South African Presidential Climate Commission.** “Importantly, a report such as this allows us to measure whether the commitments of developed countries to provide finance to developing countries, is indeed being delivered.”

This research was cited in the Global Center on Adaptation’s report, [Financial Innovation for Climate Adaptation in Africa](https://gca.org/wp-content/uploads/2022/08/GCA-Financial-Innovation-for-Climate-Adaptation-in-Africa-2022.pdf).

**Download the full report and explore the data** [**here**](https://www.fsdafrica.org/publication/landscape-of-climate-finance-in-africa/)**.**

This report is part of The State of Climate Finance in Africa series from [Climate Policy Initiative](https://climatepolicyinitiative.org/), [The Children's Investment Fund Foundation](https://ciff.org/), and [FSD Africa](https://www.fsdafrica.org/).

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