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# Scaling private finance for adaptation and resilience in Africa

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**CONTACT PERSON**
**Jonathan Israel**
**Jonathan@fsdafrica.org**

**PARTNER(S):**
**FCDO & PIDG (Leads), ImpactA, BII, Continental Re, ARM Harith, InfraCredit, Dhamana, KCB, Standard Chartered, CIFF, L&G, QCF, Trade and Development Bank Allied Climate Partners (Members of Existing Working Group)**

## OVERVIEW:

Africa's cities face significant adaptation and resilience challenges as climate change amplifies and accelerates. Extreme heat, flooding events, and excessive precipitation are already causing significant losses and damages with the lives and livelihoods of economically vulnerable communities most impacted. MunichRe estimates that losses from natural catastrophes in Africa between 2019-23 totalled USD32.2bn. In Africa's cities, with rapid urbanisation, growing informal settlement populations and inadequate infrastructure, the effects of climate disasters are being compounded. By trusting the science and observed impacts, it is clear that climate adaptation is an urgent need. Climate threats are evident at local levels – on agriculture, food security, infrastructure stresses – and can not be ignored.

A&R private capital mobilisation (PCM) is increasingly important as we head towards COP30. It is not enough to leave A&R challenges to public finances alone, and donor/concessionary finance is in increasingly short supply. However, PCM is not a silver bullet – appropriate political commitments are still needed from public-sector stakeholders. Many financial institutions want to do the right thing, but face considerable financial and economic pressures, and should not be expected to develop projects that have less certain revenue streams. It is clear that a clever combination of finance – blended appropriately for the relevant projects and innovative structures – must be brought together. It is not easy to standardise A&R outcomes, given the localised (and diverse) nature of climate impacts and heterogeneity of adaptation responses. However, resilience remains key in all jurisdictions.

An existing group of African and British leaders are looking to consider this challenge for the Continent in detail in the lead-up to, and beyond COP30 at Belem. At the start of London Climate Action Week, a group of financial sector leaders were invited by FSD Africa and the UK's Minister for Development, Baroness Chapman, to consider approaches to systemic collaboration for scaling climate adaptation and resilience finance in Africa. The discussions considered the following topics, with an understanding that i) between now and Belem, greater clarity of thought around each must be considered, and ii) beyond Belem, far greater action is needed on each to scale up A&R finance effectively.

- **A&R Transaction Archetypes**. A stronger case for investing in African A&R at scale has to be made. Select local solutions already exist, but these are often scattered and isolated in nature. However, a more systematic approach has promise. Institutional capital is available to invest in the Continent's resilience priorities – including from the City of London - but also from African domestic capital available to put into adaptation-intentional investments, especially infrastructure. However, a more standardized series of projects, investment vehicles, public-private structures and sovereign instruments are needed to engage investors systematically, define local priorities, link with governmental strategies, and build ecosystems of partners.
- **Establishing and Supporting Country Platforms**. Country platforms can standardise projects and processes of engagement, and provide systemic coordination between country-specific actors. They can help to scale A&R financing, secure local country ownership, and systemically consider A&R needs from the outset. There is an opportunity to align platforms more closely with NDCs, NAPs and NBSAPs, and to see them conjointly as financing mechanisms for these plans. Many country platforms were designed for mitigation and decarbonisation, and that A&R-intentional structures are harder to attract capital towards.
- **Systematically Assessing and Filling Data Gaps**. Addressing existing gaps in data is crucial to address the disproportionate perception of risk associated with investing in Africa. Investors do not believe returns are commensurate with the (general) risks. However, much of the attributed risk is perceived. A greater amount of data to better assess perceived investment risk – and physical climate risk within that - is therefore needed to tackle high risk premiums. More specific to A&R, the lack of data and standardised assessment processes prevents investors in validating the commercial and socioeconomic risks & returns of A&R-intentional investments.
- **Improving the Effectiveness and Scoping of Project Preparation Facilities.** Greater quantity of funding for project preparation is required, but existing facilities have not always been utilised successfully. A&R-aligned projects systematically bring in funding for local-level priority initiatives, while meeting the challenges faced by end-beneficiaries. Project preparation facilities have a role to play in elevating the 'voice' of beneficiaries; improving lives, incomes and livelihoods, and entrenching agency via local ownership and leadership. A tension between scale and localisation must be recognised; project preparation can help by providing a standardised approach.
- **Addressing Regulatory Challenges and Improving Financial Architecture. Regulation** – as it is currently geared – restricts potential investment in, for example, infrastructure to improve climate resilience. Solvency II can be a barrier to investing in Sub-Saharan Africa (and other EMDEs) as assessing and applying risk-based capital requirements is a burden on capacity that many institutional investors are not able to bear. This is particularly noticeable for African institutions. Regulation could be leveraged to incentivise greater investment in resilience (e.g. from publicly listed or shareholder funds, or long term institutional investors such as pension funds and insurers), that has system-wide benefits (e.g. reducing capital charges for proven resilience investments).

**We see COP30 as an important moment in raising the profile of private capital mobilization for adaptation financing in emerging markets.** The Brazilian COP30 Presidency has been active in pushing for greater PCM, and is using their own country platform as a method of demonstrating how innovative vehicles can promote a standardized approach to climate investments. From COP30, the Baku to Belem Roadmap has the potential to better define actions needed to scale up adaptation financing, within the broader aims and goals of raising USD1.3tn to meet the SDGs. ACS2 offers an exciting opportunity – but a desperately needed one – to get real about these challenges, and make a clear call to action for more systemic coordination in the space.

## OBJECTIVE

The primary objective of this event is to set an ambition for far greater private capital – both domestic and international – to be intentionally devoted to projects, instruments and vehicles that promote African climate adaptation and resilience. Audience members will here from senior executives currently setting ambitions within their own organisations, and who are catalytic in their thinking. We suggest five areas of exploration (aligned with the above) to raise with panellists that have the sub-objectives of:

- crystalising the most important challenges the development finance community faces in supporting impact-focused projects (that deliver both climate resilience outcomes and risk-adjusted economic returns) at scale.
- establishing a common ambition around 'adaptation & resilience financing', including by defining the roles of different 'types' of institutions from across the continuum of capital providers (e.g. philanthropic, concessional, commercial, insurance, guarantors etc.) as needed.
- providing a clear call to action for interested participants to engage with this group in the lead up to, and beyond COP30.

Questions for the event will therefore be posed around the below five areas, with some preliminary suggested questions.

- **A&R Transaction Archetypes**. Why has it been challenging to get finance into A&R-intentional transactions? What are the sorts of climate A&R-focused models that can be developed to the point where they are replicable and scalable? What case studies and examples are you seeing in your work? What is the role of different financial institutions (philanthropic, concessional, commercial, institutional) in financing these sorts of models?
- **Establishing and Supporting Country Platforms.** To what extent do panellists believe country platforms are a priority approach? What are the challenges associated with developing them? How can we better incorporate A&R within (new or existing) country platform initiatives? What are the political economy considerations you would consider before investing?
- **Systematically Assessing and Filling Data Gaps.** What are the gaps in data preventing the systematic and consistent assessment of A&R investment risk, including physical climate risk? How can those be addressed?
- **Improving the Effectiveness and Scoping of Project Preparation Facilities.** How might project preparation facilities be made more effective, especially in reducing perceived risk for high-impact and otherwise investible A&R projects and vehicles?
- **Addressing Regulatory Challenges and Improving Financial Architecture.** What might the most significant regulatory 'unlocks' be in supporting A&R financing from both local African and Global North investors, and what actions might be taken to support appropriate institutional reform?

## EVENT DESCRIPTION

This session speaks directly to ACS 2025's Adaptation and Resilience theme and builds bridges across sectors: gender, climate and finance. It challenges participants **to think beyond traditional policy discourse**, focusing instead on financing, implementation, and inclusive design. It also aims to contribute meaningfully to Day-3 discussions on climate finance, through a lens that ensures equity and inclusion in Africa's climate action agenda.

This session is not just an event but an entry point to deepen Africa's leadership in inclusive, gender-responsive climate finance. It complements FSD Africa's agenda of building market systems that deliver for those most affected by climate shocks, especially women and youth. It will spotlight practical approaches to delivering on NDCs through inclusive financial systems that work for women, youth and climate vulnerable populations.

To ensure technical depth, the session will incorporate short scenes setting expert reflections (10-15 minutes), followed by curated panel discussion geared toward policy, regulatory, and financing decision-makers.

## EXPECTED OUTCOMES

- Defined areas of exploration that are priority to improving private finance flows into African climate adaptation & resilience;
- Announcement of a 'coalition of the willing' looking to explore this topic out to COP30, with a commitment to better apply their networks, resources and technical expertise to accelerate private financing for A&R investments;
- Call for more projects, instruments and vehicles to be developed under defined 'transaction archetypes' that best fit the mandate of investors within this coalition;