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United States Withdrawal from Climate Financing: Rebuilding Africa's Support System

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Photo credit: Azernews

Executive Summary

The abrupt withdrawal of the United States (U.S) from the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement frameworks has created a double-edged crisis in Africa's climate finance architecture. The policy shift will disrupt the vital funding and technical expertise needed to meet escalating climate challenges across the continent. The funding crisis threatens to stall Africa's climate resilience initiatives, risking economic instability and heightened vulnerability as the continent faces annual adaptation costs of $30-50 billion by 2030. This brief argues that Africa's dependency on single large-nation donors, fragmented regional coordination, and limited local financial innovation could impede efforts to build resilience on sustainable climate financing amid US drastic withdrawal. The brief concludes that redressing the vital funding bottlenecks is critical to building a resilient, self-reliant climate finance system, transforming the disruption into an opportunity for innovation and sustainable development across the continent. Key recommendations include establishing strategic international realignment and funding partnerships, strengthening regional cooperation, and accelerating domestic capabilities in resource mobilization for climate mitigation and adaptation efforts.

Context

The unexpected withdrawal of the United States from the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, has created a critical gap in Africa's climate finance architecture. The policy shift will disrupt vital funding and technical expertise needed to meet escalating climate challenges. President Donald Trump's executive order paved the way for the US to exit the Paris Agreement and annul the U.S. International Climate Finance Plan. In 2024, the US provided approximately $11 billion for climate change adaptations in developing countries, including those in Africa. Typically, US annual contributions cover 22% of the UNFCCC core budget. The withdrawal creates both challenges and opportunities for African-led climate financing systems. The shift halts decades of U.S support for infrastructure adaptation, renewable energy, resilience programs, and technology transfer. Evidence shows U.S funding through the United States Agency for International Development (USAID) bolstered the region's climate mitigation and adaptation efforts, such as West Africa's drainage upgrades and East Africa's Clean Energy Corridor. The withdrawal risks collapse of community-based resilience projects with Africa facing $30-50 billion in annual adaptation costs by 2030 and with 46% of adaptation finance undisbursed in 2022 due to funding cuts.


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Additionally, Africa relies on international sources for 87% of its climate finance, and the loss of U.S. contributions previously $9.5 billion globally in 2023 jeopardizes the $2.8 trillion needed for Nationally Determined Contributions (NDCs). Limited domestic resources and coordination challenges impede rapid adaptation, undermining Africa's ability to address climate vulnerabilities, where the continent contributes only 2–3% of global emissions. Speedy action is critical to sustain the continent's resilience projects amid escalating climate impacts, as delays could exacerbate the vulnerabilities. Conversely, opportunity lies in diversifying funding to reduce dependency on single-nation support.

The funding withdrawal impact is further amplified by the interconnected nature of Africa's climate sectors as its cut in one area disrupt related initiatives. The loss of U.S technical expertise and catalytic funding threatens renewable energy projects like Kenya's wind farms and Tanzania's solar mini-grids, which relied on U.S support. The U.S involvement reduced perceived risks, attracting private sector and international investments. This disruption deters private investment and weakens climate governance, particularly in smaller nations unable to attract alternative investors. The funding gaps will delay clean energy transitions critical to meeting Africa's $277 billion annual NDCs investment needs. This gap also disrupts technology transfer programs, which have trained thousands of African climate scientists and engineers, threatening long-term capacity building. The crisis will persist since restructuring climate plans is resource-intensive, with Africa facing $100 billion in potential losses by 2040. Addressing the deficits is essential to prevent cascading failures in interconnected sectors like infrastructure and resilience and prevent long-term economic and

Photo Credit: climatefinance.fund

environmental setbacks. Standardized climate finance frameworks are touted to enhance investor trust and streamline funding.

Despite these challenges, the U.S withdrawal offers a transformative opportunity to build a resilient, Africa-led climate finance system. Dependency on U.S support exposed the region to vulnerabilities, but diversification through domestic and regional mechanisms can enhance autonomy. The African Development Bank (AfDB's) green bonds and South Africa's domestic funding models demonstrate viable alternatives. Diversified funding and partnerships with the EU and China can foster innovation, but scaling domestic mechanisms requires time and expertise due to complexities in coordination across nations. Developing continental climate finance standards can streamline investments and build local capacity. With Africa needing $3 trillion for climate finance by 2050, rapid scaling is critical to meet adaptation and mitigation goals. This ensures resilience against worsening climate impacts and reduces reliance on external donors.

The global realignment in climate finance, spurred by the U.S exit, positions China, Japan, and the EU as vital partners, offering Africa diverse funding models. Replacing U.S funding requires integrating these approaches while prioritizing African needs. The EU emphasizes technology transfer, while China focuses on infrastructure, creating complementary opportunities. However, misalignment risks persist due to incoordination, and limited institutional capacity and transparency deterring investors. AU-led coordination platforms can align international and domestic efforts, ensuring coherence. Africa should take advantage of the $200 billion in potential international climate finance available by 2035 to secure stable funding and avoid lagging in global climate goals. The delays could exacerbate vulnerabilities, costing $50 billion annually.

Key issues

The following issues remain critical in redressing crisis in sustainable climate financing in Africa.

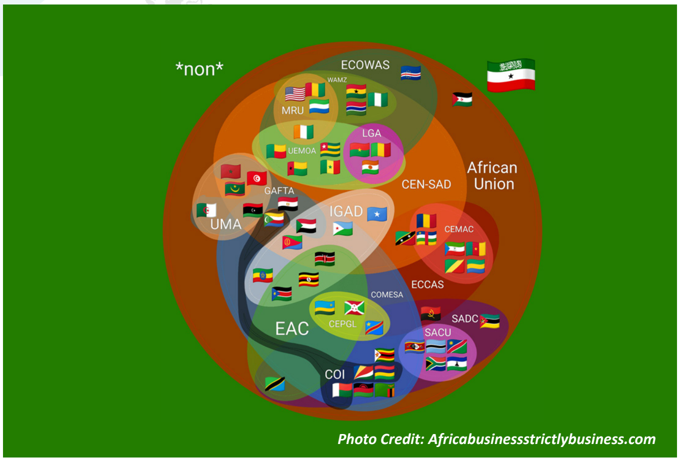
Photo Credit: the United Nations

Strategic realignments and partnerships

Failure to mitigate the U.S climate finance crisis will make Africa vulnerable to funding shortfalls by disrupting $1.1 billion in planned investments. Given that 87% of Africa's climate finance is from international sources, the withdrawal of U.S contributions threatens to stall Africa's climate financing initiatives. The high dependence threatens its ability to meet its $2.8 trillion NDC funding needs by 2030, particularly for adaptation. The exit also creates an opportunity for African countries to partner with key climate fund philanthropists such as Bloomberg to cover US financial obligations on climate finance. Typically, US annual contributions cover 22% of the UNFCCC core budget.

Equally, the U.S withdrawal opens opportunities for pursuing a strategic realignment of international partnerships, prioritizing collaborators like the EU, Japan, and China, whose expertise and resources align with continental climate finance needs. The EU's technology transfers and China's infrastructure investments offer complementary strengths, filling funding gaps and enhancing capacity. However, limited local expertise and transparency concerns dissuade sustained engagement. To forestall the domestic limitations, AU-led partnership councils can align international support with Africa's climate goals, ensuring coherence. Pursuing Africa's new strategic alignment and partnerships to secure stable funding could harness the potential of the available $200 billion in international climate finance by 2035. This can be achieved by leveraging diplomatic efforts to negotiate balanced agreements that mitigate delays, which jeopardize adaptation efforts amid rising climate costs.

Strategic partnerships can also drive innovation by replacing U.S catalytic funding and boosting private sector confidence. South-South cooperation, such as Kenya's carbon pricing schemes with Asian partners, shares technology and expertise, are some of the existing partnerships. These collaborations reduce reliance on single donors, but complex donor requirements and weak institutions slow progress. Weak regional training programs impede the building of capacity to manage international funds effectively. With climate impacts costing Africa $50 billion annually, strategic realignment will catalyze meeting adaptation needs. It will also leverage global opportunities and strengthen Africa's climate finance architecture.



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Regional cooperation

The U.S withdrawal necessitates enhanced regional cooperation to address climate finance gaps, as fragmented national efforts hinder efficient resource allocation. Differing national priorities and weak institutional frameworks slow the progress of collective climate financing. Coordinated efforts are pivotal in attracting larger investors and strengthening Africa's climate financing negotiating power. With $50 billion in potential regional investments by 2030, immediate synchronization is vital to prevent project delays amid rising climate risks. The absence of standardized project evaluation and reporting impedes streamlining regional investments on climate change. In 2022, only 46% of committed adaptation finance was disbursed in Africa, reflecting inefficiencies in regional coordination. The AU and regional economic communities are advancing shared energy infrastructure, like the Africa Clean Energy Corridor, which pools resources for economies of scale.

Strengthening regional cooperation can further mitigate the withdrawal's impact by pooling expertise, particularly for smaller nations struggling to attract investment. The synergies will foster cross-border private capital inflows across the countries in the region. The regional economic blocs climate financing initiatives are characterized by the lack of standardized protocols and fragmented national priorities, which hinder cross-border projects and investor confidence. Weak institutional frameworks and limited private sector engagement further exacerbate inefficiencies, delaying critical adaptation and mitigation efforts. Regional economic communities should create joint climate funds managed by the AfDB to support cross-border projects. While the AU's continental frameworks, standardize approaches and reduce investor risk, cross-border trust and bureaucratic delays impede the realization of the noble goal. With Africa facing $100 billion in annual climate costs by 2040, streamlined funding mechanisms are crucial to ensure equitable resource distribution.

The absence of standardized climate finance protocols across African regions further complicates regional cooperation. Without uniform evaluation criteria and reporting standards, international investors face challenges assessing opportunities, reducing investment flows. The AfDB's 2024 call for proposals under the Africa Climate Change Fund (ACCF) revealed that only 26 countries accessed its $18.57 million portfolio due to varying national capacities. This gap hinders cross-border initiatives, such as the Grand Inga Hydropower Dam, which could power industrial growth but lacks unified regional support. Addressing gaps in the standardization of regional climate financing protocols is critical to enhance investor confidence and streamline funding. Opportunities exist to integrate climate finance into regional development goals, fostering collaboration and transparency.

Local innovations in climate-related fields

The U.S withdrawal underscores the urgency of accelerating domestic capabilities in climate finance and technology. The strategy will reduce external dependency and attract domestic investment. Domestic resources cover only 10% of Africa's $264 billion NDC commitments, yet high debt levels constrain public budgets. The funding deficit risks over-reliance on external funding, undermining long-term resilience. The continent's climate finance needs of approximately $3 trillion by 2050 require upscaling local capacity-building to ensure self-reliance. Limited local expertise hinders sustainable domestic project funding and implementation. Investing in climate-focused education and innovation hubs can train experts to tackle delayed progress attributed to high setup costs and skill shortages. South Africa's green bond program and Kenya's carbon market demonstrate the region's domestic potential.

The domestic capabilities are further hindered by inadequate institutional capacity to manage complex climate finance instruments. Disruption of the U.S supported training programs to build expertise creates local capacity deficits in managing tools like green bonds. Limited integration of climate finance into national development plans is equally reducing domestic resource mobilization. Many African countries lack policies to channel local capital into climate projects, relying heavily on only 14% of climate finance from private sources. The over-reliance on the limited resources from the private sector restricts funding for innovation


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initiatives like decentralized solar systems, critical for rural areas.

Scaling domestic capabilities can transform Africa's climate finance landscape by fostering innovation and challenging risk perceptions. Revitalizing national climate finance agencies to oversee resource mobilization could tackle slow adoption attributed to regulatory gaps and market immaturity. With adaptation costs rising, invigorating the domestic systems would catalyze achieving 30% of climate funding needs locally. Nigeria's sovereign wealth fund investments in renewable energy highlight local potential, attracting global capital. Leveraging pension funds in local markets to invest in climate projects is also essential to build credibility and ensure sustainability through locally driven climate solutions.

Conclusion

The U.S withdrawal from international climate financing presents both a crisis and an opportunity for Africa's climate finance architecture. The drastic policy disrupts decades of funding and expertise while catalyzing innovation. The interconnected nature of Africa's climate sectors amplifies the impact, as funding cuts threaten renewable energy, adaptation, and resilience initiatives, risking $100 billion in losses by 2040. With 87% of Africa's climate finance from international sources, the $2.8 trillion NDC funding gap by 2030 looms large. Yet, this disruption spurs strategic realignment toward regional cooperation, international partnerships, and domestic innovations. Standardized AU-led protocols, partnerships with the EU and China, and local mechanisms like green bonds can fill gaps, fostering self-reliance. Immediate action is critical to prevent project collapse and sustain resilience amid escalating climate costs of $50 billion annually. By leveraging these enablers, Africa can transform this crisis into a catalyst for a resilient, autonomous climate finance system, facilitating sustainable development and innovation in the face of adversity.

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Recommendations

1. The African Union should;

a) develop standardized climate finance protocols to streamline cross-border climate financing projects;

b) establish AU-coordinated training hubs to share technical expertise across regions;

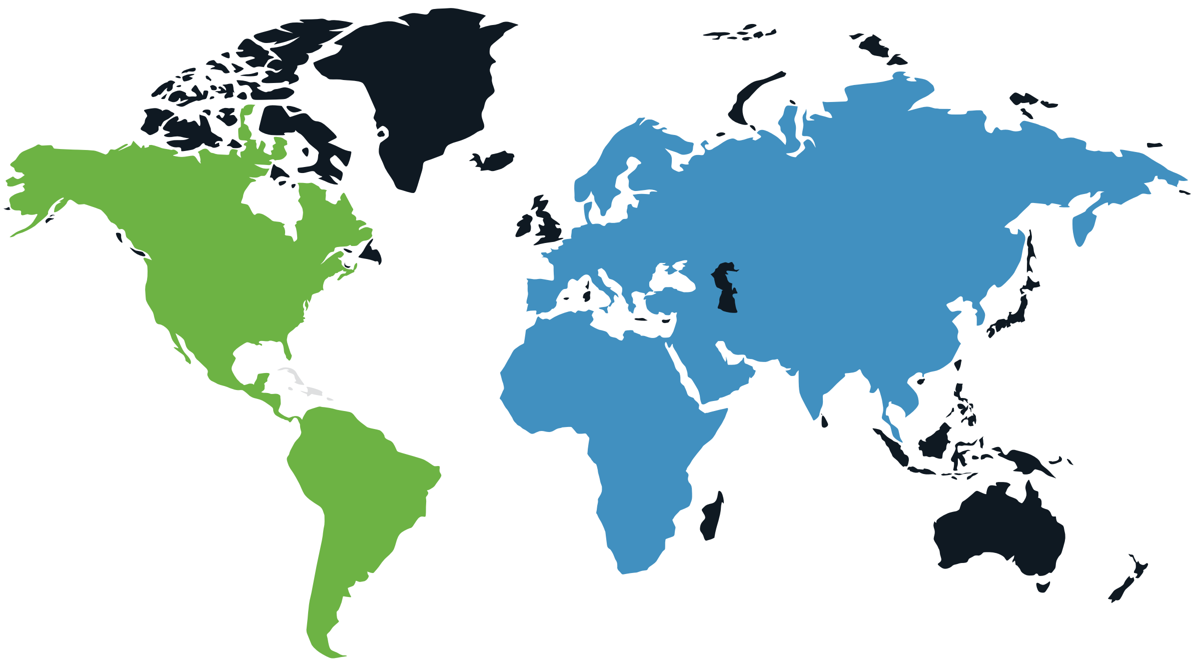
c) lobby countries to partner with key climate fund philanthropists such as Bloomberg to cover US financial obligations;

d) strengthen the development of strategic international realignment and partnerships by creating AU-led platforms to align EU, Japan, Chinese, and South-South partnerships with NDC priorities, emphasizing technology transfer and concessional loans to support local needs;

e) collaboration with regional economic blocs and ministry of environment in specific countries should accelerate domestic capabilities by scaling domestic financing through pension funds and green bonds, and partner with universities to train climate finance and technical experts;

2. Ministries of Education in various countries should integrate climate finance into curricula to build a skilled workforce, as immediate action is critical to meet long-term adaptation and mitigation goals; and

3. Ministries of Finance in various countries should create national climate finance agencies to catalyze cooperation in domestic resource mobilization.



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