

Financing SDGs in Africa



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Innovative financial mechanisms and tools to fund SDGs in Africa

The Adaptation Benefit Mechanism (ABM). [The ABM](#) is listed as a non-market mechanism under the Article 6.8 of the Paris Agreement. It was developed under the leadership of the African Development Bank to facilitate blended public and private finance adaptation projects connected to SDGs. It relies on the commitment of de-risking private investments on public good projects by certifying the social, economic and environmental of the projects. To do so, a specific [cycle](#) was imagined to guarantee quality but also to ensure that investments do not rely on speculation but on adaptation needs. To date, two pilots were launched and should lead, in 2025, to the issuance of Certified Adaptation Benefits (CABs) listing the adaptation benefits units enabled by the project.

The Subnational Climate Fund (SCF). When looking at Africa, we realize that most of the solutions are in the hand of municipalities and local communities. However, the existing funding mechanisms, through NDC's for example, are huge and thus are not calibrated to adapt at more local level. Therefore, with the [SCF](#), the idea was to develop a grant back-up facility to support capacity building and project preparation of mid-sized infrastructure through an equity fund. The Green Climate Fund made a first investment of 150M dollars, and 46 feasibility studies were already carried out.

The Green Funding initiative. Commercial banks do not provide green investment at local level because they see it as risky and don't know how to make blended funding attractive and bankable. As a response, green banking vehicles relying on existing institutions to channel the needs to invest into local project needed to be created. Through the African Green initiatives, the African development bank works with governments and existing financial institutions to bring the expertise to set up these vehicles and to capitalize them. The objective is to bring the financial solutions at the level of the local needs.

The Ireme green fund. [The Ireme](#) developed in Rwanda is a one-stop center for green investment. It was created to address local market gaps in financing climate change projects by attracting financing to support the public sector and play a catalytic role to attract private investment. It relies on the observations that the way you support public and private sector is very different and to address the corresponding needs, one must adapt the set of tools and provide a variety of financial products.

Impactful Verbatims

“Funding of public good projects by private stakeholders isn't working because they do not generate cash flow.”

“We don't need banks, we need banking!”

“The major barriers in securing investments for Food and Agriculture SDG projects in Africa is that we do not approach SDGs as systems to be transformed.”

“We have multiple stakeholders that are willing to contribute to ecosystems”

“Our financial markets are relatively unsophisticated leading to fragmented information”

“We shouldn't have this dependency on sovereign guarantees to reassure and de-risk the projects”

“We need to provide values to resilience”

“We need a programmatic approach to upscale”

“We have enough tools, what we need now is to create synergies and find practical solutions”

“One of the key topic is to listen to the communities”

“It is not a question of entrepreneurial mind, but a question of how fast can we bring them together in an ecosystemic manner”

[Link towards the recorded event](#)