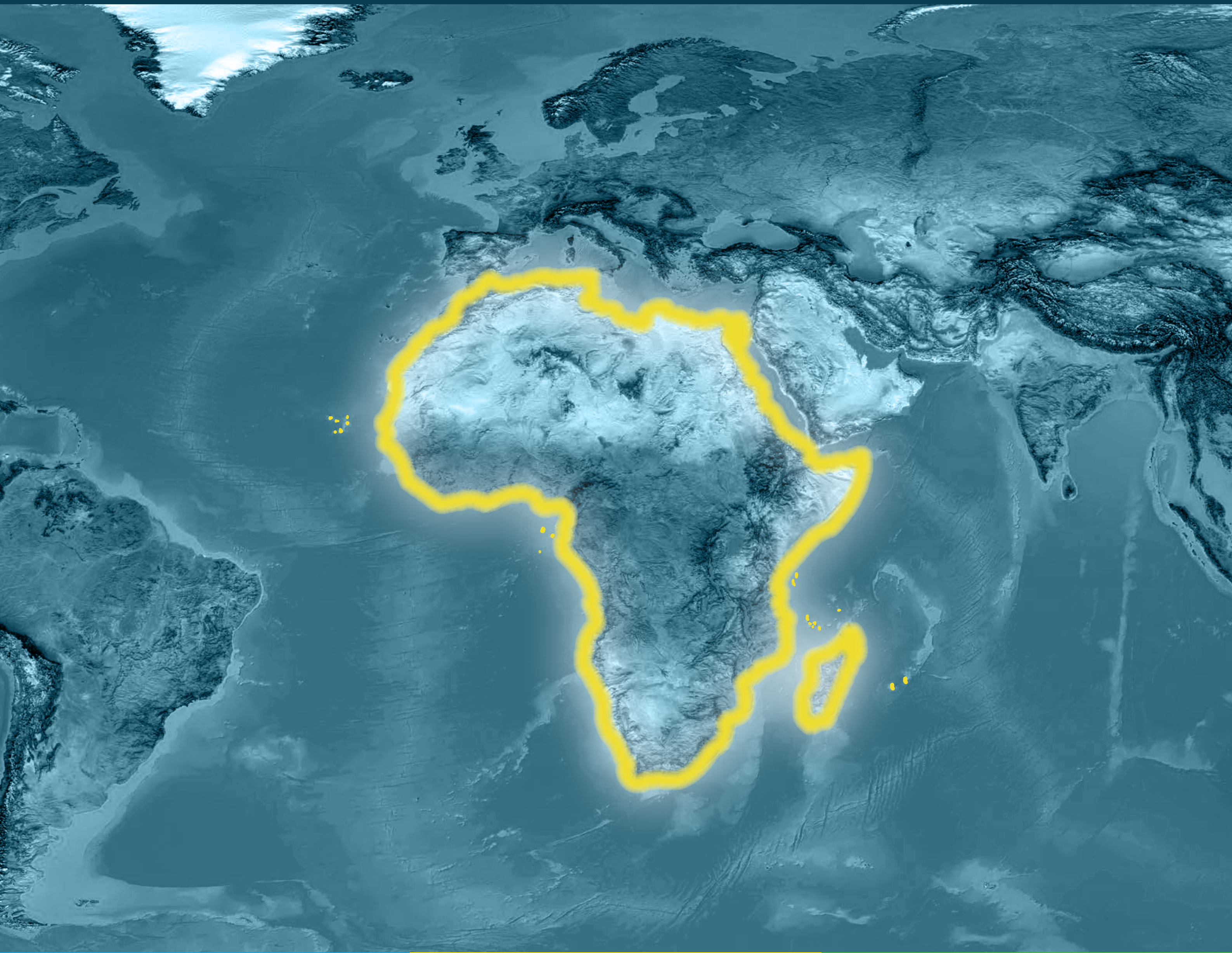
AFRICAN CLIMATE FOUNDATION



# Africa's transitions and future opportunities 2025–2030:

## Strategic imperatives emerging the African Climate Foundation's scenario planning series

The African Climate Foundation is the first African-led regional climate foundation, working at the nexus of climate change and development.

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# Background and acknowledgements

The African Climate Foundation (ACF), in partnership with ClimateWorks Foundation, convened a series of forward-looking scenario-planning workshops to explore Africa's potential futures in a rapidly changing global context. Bringing together ACF experts and external thought leaders, the workshops examined how geopolitical, economic and social transitions between 2025 and 2030 could shape Africa's path to sustainable transformation. The goal was to identify emerging opportunities and risks, and inform how actors can best align their strategies to support Africa's priorities. At the heart of the discussion were two fundamental questions: *How is Africa positioned in this rapidly changing global landscape, and what does it need to do to secure its place?*

Through this framing, participants examined how different configurations of global governance, finance and cooperation could influence Africa's economic resilience, political agency, and climate ambitions. The exercise was designed not to predict outcomes but to provoke fresh thinking and surface insights that could guide 'no-regrets' strategies and resilient pathways across a range of possible futures. Four scenarios were examined, spanning themes from cooperative to fragmented global governance, high-to-low capital flows to Africa and the Global South, capable to weak governance systems, and transformative to extractive economic models.

Across these discussions, participants identified both significant risks and 'no-regrets' strategies that hold value across multiple futures. The workshops underscored that Africa's trajectory will hinge on how the continent positions itself within global transitions, particularly those related to green industrialisation, energy systems and trade realignment.

This report distills the central opportunities identified through the scenario-planning series, offering perspectives on how Africa can advance its climate and development goals in an increasingly complex and fast-evolving global environment.

The ACF extends its heartfelt thanks to **Ross Strategic** for their thoughtful partnership in shaping this process, and to **Prof. David Luke**, whose insight and steady counsel deeply enriched this series. The ACF is also grateful to the **ClimateWorks Foundation** for its support, and to all partners whose engagement and perspectives made this scenario-planning series both meaningful and impactful.

# Forward

November 2025

The ACF's scenario-planning process and this report come at a defining moment for Africa's climate and development journey. The continent stands at a crossroads of immense possibility: a moment where bold choices can turn risk into renewal and opportunity into transformation. The question before us is not whether change will come, but how Africa can harness it to build a sustainable, prosperous and climate-resilient future.

Across the continent, a new wave of investment is reshaping Africa's economic landscape. Driven by global demand for its vast mineral wealth, fertile land and expanding markets under the African Continental Free Trade Area (AfCFTA), these flows are arriving not only from traditional partners in the Global North but increasingly from emerging economies in the Global South. This surge of engagement carries extraordinary potential – to accelerate green industrialisation, unlock innovation, and position Africa as a leader in the global transition.

Yet this promise will only be realised if investment is anchored in strong local systems, inclusive governance and effective localisation strategies that keep value on the continent. Without these, Africa risks repeating the extractive patterns of the past. The continent has the resources, talent and ingenuity to define a different path – one of self-determined growth powered by clean energy, resilient economies and equitable opportunity.

Time is now our most precious resource. Decisions being made today in energy, trade, infrastructure, minerals and climate policy will shape Africa's trajectory for decades to come. The window to secure a just and sustainable future is narrowing, but the opportunity remains within reach if governments, civil society, labour, philanthropy and the private sector act together with urgency and vision.

Philanthropy, in particular, has a unique role to play. It can convene, connect and catalyse. It can take risks where others cannot, and invest in the innovation, partnerships and evidence that underpin transformative change. ACF hopes that the insights emerging from this scenarios planning process will inspire collective action – anchored in African agency and collaboration – to turn this decisive moment into the foundation of a thriving, climate-resilient continent.

**In partnership,**
**Prof. Carlos Lopes**
*Chairperson, African Climate Foundation*

# Introduction and executive summary

November 2025

Leading up to the U.S. elections last year, we at the African Climate Foundation (ACF), like many around the world, were asking what the outcome of the elections, and the broader global shifts we were already witnessing, could mean for the world we live in. For us in Africa, these questions were even more pressing: *What might they mean for the continent's climate and development future*?

In early conversations with our partners, we realised that, while none of us will ever have a crystal ball, we needed a more structured way to think through these implications – to understand how geopolitical, economic and social transitions might play out, and what they could mean for Africa's position in a rapidly changing global landscape. That's where the idea for this scenario planning process was born.

The aim has been to help us, not just as ACF, but as part of a broader community working in and on Africa to think more systematically about different possible futures and their implications for Africa's climate and development pathways. This conversation also comes at a particularly timely moment for ACF. We are in the midst of an organisation-wide strategy refresh, trying to anticipate, as best we can, what the next five years might hold, and how we can continue to play a catalytic role in driving Africa's climate transition.

But we also see this exercise as valuable well beyond ACF. Many of our partners are grappling with similar questions, and this series has provided an opportunity to explore them together, engaging more than 130 experts. We've held six sessions in total, organised around three main themes – each explored with both ACF and external experts.

The first explored what the world might look like over the next five years, and how global shifts politically, economically, and environmentally could shape Africa's transitions.

The second theme examined Africa's political economy, and how internal dynamics, governance systems and regional cooperation could influence progress on climate and development.

The third theme asked what all of this means for philanthropy and its partners working in Africa and how we can best position ourselves to support the continent's priorities in this evolving context.

This report highlights several powerful strategic imperatives that emerged from the scenario planning series as 'no regrets' opportunities that are needed for successful climate and development progress in any future scenario. Attention to these strategic imperatives is vital to enable Africa to prosper in an increasingly complex and fast-evolving global environment. These imperatives include:

**Deepening African cooperation and regional integration**. Strengthening policy coherence and enabling Africa to 'speak with one voice' in global forums. Greater coordination across countries and regions will enable Africa to shape global rules on trade, finance and development on fairer, more equitable terms.

**Driving green industrialisation and value addition**. Ensuring that Africa's transition creates higher-value, lower-carbon industries that generate jobs, diversify economies and reduce dependence on raw commodity exports. A just transition for Africa must also be a transformation in how and where value is created.

**Embedding localisation across Africa's climate and development agenda**. Backing locally led solutions, investing in local institutions and communities, and ensuring that approaches are context-specific and driven by local realities rather than externally imposed. Local ownership is the foundation of sustainability.

**Mobilising domestic capital for Africa's climate and development objectives**. Expanding fiscal space by unlocking the potential of domestic finance from sources such as pension funds, sovereign wealth and private capital alongside external finance. Strengthening domestic resource mobilisation and curbing illicit financial flows will be critical to enable African countries to finance their own transitions and reduce dependence on external aid.

**Strengthening governance and institutional capability for effective delivery**. Strengthening governance systems and reinforcing the organisational capacity of African institutions and civic actors – including trade unions, civil society, universities and think tanks. Without effective institutions, even abundant resources or external funding can remain under-utilised or misdirected.

Taken together, these strategic imperatives will shape how we make progress on Africa's climate and development transitions in whatever futures lie ahead. Africa has the power to shape the future it envisions: a future that is sustainable, prosperous, equitable and resilient. We are committed to continue to build on the strong foundation this series has created and ensure that these conversations endure and deepen. And as we do so, we stand ready to work together to transform this shared vision into lasting, meaningful impact for the continent.

**Saliem Fakir**
*Executive Director, African Climate Foundation*

# AFRICA'S FUTURE WITHIN REACH

## A GLIMPSE OF WHAT SOME OF THE MODELLING SUGGESTS IS POSSIBLE

**If the AfCFTA was fully implemented**, the World Bank[1] estimates that by 2035 it would:

Increase Africa's real income by 7% **(≈US$450 billion)**

Expand exports by **≈US$560 billion** – driven primarily by manufacturing

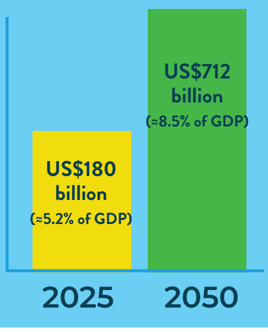
Lift around **30 million people** out of extreme poverty

raise women's wages by **10.5%**

raise men's wages by **9.9%**

### If the AU's Digital Transformation Strategy (2020–2030) and AfCFTA's Digital Trade Protocol were implemented

the AU and Google-IFC[2] estimate that Africa's digital economy could reach




**If West Africa were to complete regional power-market integration through the West African Power Pool**, World Bank analysis estimates that the region could unlock

**US$5–8 billion in annual economic benefits**,[3] alongside around **US$665 million per year in welfare gains** under more advanced market-integration scenarios

**If Africa were to close its infrastructure gap, cross-country simulations by the African Development Bank[4] estimate** that per-capita GDP growth could rise by **2–2.6 percentage points per year**, while **reversing the ≈40% productivity losses**[5] caused by inadequate power, transport and digital infrastructure.

**If African countries were to pursue green-economy transition pathways**, UNEP and UNECA[6] estimate substantial job creation. In South Africa, a green-economy scenario could generate around **701 000 additional formal jobs by 2030**, while in Burkina Faso a similar pathway could create **approximately 160 000 additional jobs by 2050** compared to business-as-usual.

**If community-level localisation models were scaled across Africa, initiatives like Zanzibar's 'Solar Mamas'[7] show what is possible**

Six months of solar-engineering training enabled rural women to **electrify more than 1 800 homes** and become **paid technicians and trainers**, strengthening incomes, skills and local resilience.

**If African countries were to mobilise even a fraction of the continent's US$4 trillion in domestic capital** as per Africa Finance Corporation estimates and curb the estimated[8] **US$88 billion each year in illicit financial flows**,[9] this could cover a substantial share of the continent's US$100 billion-plus annual infrastructure financing gap.

**If African countries were to achieve global best-practice levels in health and education**, the World Bank's Africa Human Capital Plan[10] estimates that **GDP per worker could be 2.5 times higher**, equivalent to an extra **1.8 percentage points of annual growth** sustained over 50 years.

# Strategic imperatives for Africa's future

**Five strategic imperatives emerged from the scenario discussions and analyses: 'no regrets' priorities vital to advancing Africa's climate resilience and sustainable development in any future geopolitical or economic context.** Africa already holds the ingredients for its own success. Across the continent, bright spots are emerging, proof that the future is already taking shape today. These examples reflect the spirit of the African Union's Agenda 2063 and its vision of *an 'integrated, prosperous, and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena.'*[11] They show that Africa's transformation is not a distant goal, but a process in motion, ready to be scaled through collective ambition and decisive action.

## 1. Deepening African cooperation and regional integration

*Africa's path to structural transformation lies not in isolated national strategies but in collective, continent-wide economic coordination. Integrated markets are essential to achieving scale and competitiveness; harmonised payments and regulatory frameworks reduce barriers to commerce; shared power systems lower energy costs and enable industrial growth; joint approaches to mineral development enhance bargaining power in global value chains; and regional value chains strengthen resilience and build economic complexity. Where African countries act together, growth accelerates. Realising the continent's economic promise and meeting its climate and development objectives will require intensifying cooperation, institutionalising integration, and deliberately building the continental systems and capabilities that can power Africa's next frontier of growth.*

Regional integration remains a central pillar of Africa's development trajectory, yet progress has been uneven and the continent continues to operate below its full potential. Africa currently accounts for roughly 3 percent of global goods trade, with combined exports and imports of approximately US$1.5 trillion annually.[12] Trade flows are still dominated by commodity exports, particularly fuels and minerals, while trade in services, including transport, travel and ICT, is growing from a low base and remains constrained by gaps in power supply, connectivity and logistics infrastructure. Major external partners continue to shape Africa's trade profile, with the European Union and China as the largest trading partners, followed by the United States, India and the United Arab Emirates.[13] Notably, India–Africa trade has surpassed US$100 billion.[14]

**Expanding intra-African trade is a promising pathway for supporting green industrialisation and economic growth across the continent**. Despite this opportunity, intra-African trade remains comparatively limited, averaging around 14 percent of total trade, significantly lower than intra-regional trade levels in Asia or Europe.[15] To address this fragmentation and unlock economies of scale, African countries launched the African Continental Free Trade Area (AfCFTA) in 2021, which has since been ratified by 49 countries. By mid-2025 approximately 24 countries had begun trading under AfCFTA rules. Intra-African trade is beginning to accelerate, growing by roughly 12.4 percent in 2024, yet full realisation of the agreement's potential continues to be held back by infrastructure deficits at borders, inefficient customs procedures, fragmented currency regimes, and ongoing reliance on the US dollar for settlement.[16] Fully implementing the AfCFTA could increase intracontinental exports by about 81 percent and boost real incomes by about 7 percent by 2035, underscoring the scale of the opportunity.[17]

> Partners should speak to us as Africa, united and speaking one voice, so we can shape a fairer multilateral system

**Strengthening financial integration is vital to reduce the cost and friction of cross-border transactions**. The Pan-African Payment and Settlement System (PAPSS) now links 16 central banks, enabling payments in local currencies and reducing dependence on external payment channels.[18] As digital-trade and data-governance frameworks mature, PAPSS is expected to further lower foreign-exchange costs and speed settlement timelines, reinforcing the enabling environment for continental commerce. Complementary continental initiatives such as the African Single Electricity Market (AfSEM) aim to integrate regional power pools to reduce energy costs and enhance supply reliability, a vital precondition for regional industrialisation and competitiveness.

**Africa's industrialisation agenda is also increasingly tied to strategic resource-based industrial policy**. Both the AfCFTA and the African Union's Green Minerals Strategy seek to reposition the continent from primarily exporting raw materials to developing regional manufacturing and processing capabilities, particularly in renewable-energy and battery energy storage value chains. Progress in this area will depend on harmonised standards, adequate power supply, infrastructure and financing.

**Regional Economic Communities (RECs) continue to evolve in ways that both reflect and shape broader integration dynamics**. The East African Community (EAC) has recently expanded to include the Democratic Republic of Congo and Somalia, with intra-EAC trade standing at around 15 percent of total trade in the bloc.[19] Meanwhile, shifts in the political economy of West Africa, including the withdrawal of Mali, Burkina Faso and Niger from ECOWAS and the creation of the Alliance of Sahel States, highlight both the opportunities for deeper regional cooperation through joint instruments such as a proposed confederal investment bank and unified telecom tariff regime, and the risks of political fragmentation for regional economic alignment.

**Africa's ability to capture value, accelerate structural transformation and secure sustainable growth will depend on deep and deliberate regional coordination in markets, financial systems, infrastructure, energy and green industrial policy. The building blocks are emerging; the task now is to consolidate momentum and convert institutional commitments into sustained implementation at scale.**

# 2. Driving green industrialisation and value addition

*Green industrialisation offers Africa a strategic pathway to structural transformation, advancing climate adaptation, poverty reduction, and energy access while reducing dependence on raw commodity exports. Long-term prosperity will depend on value addition, technological innovation and deliberate industrial policy. This will help Africa avoid a new 'carbon-era dependency' where the continent supplies inputs while importing higher-value technologies. Rapid shifts in global technology and evolving definitions of 'critical' minerals underscore the urgency of diversification and the development of regional value chains that secure local value and create quality jobs.*

**Africa's industrial performance, including green industrialisation, is rising but remains uneven and concentrated.** Manufacturing value added (MVA) in sub-Saharan Africa fell from roughly 17 percent of GDP in 1981 to about 11 percent in 2024,[20] while analyses suggest that sustained structural transformation typically coincides with MVA above 20 percent.[21] Energy access and reliability remain foundational enablers of industrial development, with priorities including electrification, grid and distribution upgrades and climate-resilient infrastructure. However, since 2008, electricity has emerged as the dominant obstacle for manufacturers in several African countries, limiting productivity and competitiveness. Energy access and reliability remain foundational enablers of industrial development, with priorities including electrification, grid and distribution upgrades, and climate-resilient infrastructure. However, since 2008, electricity has emerged as the dominant obstacle for manufacturers in several African countries, limiting productivity and competitiveness.[22]

> The way to ensure a just transition for Africa is to achieve the transition to higher value-added production ... using technologies that are lower carbon

**Some hotspots for green industrialisation and regional value chains are emerging.** Five countries – Nigeria, Egypt, South Africa, Algeria, and Morocco – already exceed US$10 billion in MVA,[23] with Morocco building depth in automotive and aerospace,[24] and Egypt in fertilisers[25] and pharmaceuticals,[26] while Tunisia, Morocco, Egypt South Africa retain diversified capacities.[27] Ethiopia's industrial parks (e.g., Hawassa), and integrated special economic zones (SEZs) led by ARISE Integrated Industrial Platforms in Gabon, Togo and Benin demonstrate export traction;[28] in Nigeria, the Evergreen City initiative[29] and the Lekki Low-Carbon Demonstration Zone[30] signal momentum for green platforms (SEZ and program evidence). The International Trade Centre, in alliance with the African Union and European Commission, identified 94 regional value chains with effective development and sustainability potential, including pharmaceuticals, cotton apparel, babyfood processing and light automotive products.[31] Other opportunities lie in renewable-energy industries, agro-processing, high-value services and mineral beneficiation. Examples of bright spots already on the continent include emerging lithium-ion battery manufacturing in South Africa, large-scale renewable build-outs, and Ethiopia's expanding hydropower and clean-energy infrastructure. Across these efforts, empowering African civil society, including universities and other local actors, is essential to advancing transparency in extractive contracts and promoting climate justice.

**Financing remains a critical enabler of industrial development, but green industrial financing, while beginning to gain traction, still represents only a small share of overall investment.** Africa's annual infrastructure needs are estimated at US$130–170 billion,[32] but the African Development Bank (AfDB) frames structural transformation needs even more broadly, placing the annual industrial investment requirement across infrastructure, capacity-building and enterprise development at over US$400 billion by 2030, equivalent to nearly 14 percent of projected GDP.[33] In recent years, African institutions, multilateral organisations, and bilateral donors have scaled up financing for infrastructure and industrial development, with major initiatives including Afreximbank's Fund for Export Development in Africa (FEDA) aiming to mobilise US$1.3 billion for intra-African trade and industrial parks,[34] the EU's €150 billion Global Gateway investment in Sub-Saharan Africa,[35] AfDB's US$2.18 billion 'Industrialise Africa' programme,[36] and the Africa Finance Corporation's (AFC) US$12.7 billion deployment toward infrastructure enablers such as ports, rail and roads.[37]

> The demographic youth dividend is only a dividend if it is also skilled

**Africa's fast-growing, digitally savvy youth population holds immense potential to drive innovation and entrepreneurship across clean energy, digital services and advanced manufacturing.** Realising this potential depends on expanding STEM skills, entrepreneurship support, and meaningful youth participation in policymaking. Without these investments, Africa risks missing out on its demographic dividend. Conversely, if young people remain unemployed, under-skilled, or excluded, this untapped potential could lead to increased migration and heightened political and social instability. Youth-led climate innovations and tech start-ups are showing early promise, especially in countries like Nigeria, Ghana and Kenya, where developer communities have grown by 40 percent.[38] However, progress across Africa remains uneven. Expanding digital skills and internet access is critical, yet mobile internet costs, averaging 14 times higher than in Europe,[39] continue to be a major barrier to broader inclusion and scale. By building networks supporting knowledge exchange and leadership across the continent, including investments in targeted mentorship and financing that link talent and resources to industrial demand, Africa can better harness its youth population and scale green industrialisation.

**With deliberate policy and regional coordination, Africa can convert its resource and demographic dividend into diversified, low-carbon industrial growth at scale, moving from a supplier of inputs to a competitive producer of higher-value green goods and services.**

# 3. Embedding localisation across Africa's climate and development agenda

*Africa's path to a climate-resilient and sustainable future depends on localisation – ensuring that decisions, investments and innovations are shaped by African realities at every level: continental, national, subnational and community. Localisation is not simply about decentralising implementation; it is about redefining power and agency so that Africa determines how best to address its own needs, mobilise its resources, and translate ambition into impact. When solutions are rooted in local contexts and led by local actors, outcomes are more relevant, equitable and durable.*

**At the continental level, localisation means designing African frameworks and financing mechanisms that align global ambition with Africa's priorities.** Institutions such as the African Union, the African Development Bank, and regional platforms like the African Ministerial Conference on the Environment (AMCEN) are laying the groundwork for continental ownership of the climate and development agenda. The African Union's Climate Finance Strategy, for example, seeks to channel resources through African institutions and enhance direct access for member states and subnational entities. Similarly, the Great Green Wall Initiative spans more than 20 countries, combining ecosystem restoration with livelihoods and resilience building at the community level. These efforts represent an emerging architecture through which Africa can coordinate and scale its own responses, defining metrics of success that reflect African aspirations rather than external prescriptions.

**At the national and subnational levels, localisation requires empowering governments to plan, finance, and act in ways that reflect domestic priorities and local diversity**. Many African countries are embedding decentralisation into climate governance frameworks to bring decision-making closer to citizens. For example, Kenya's County Climate Change Funds (CCCF) allocate public climate finance directly to county institutions through participatory planning processes, improving accountability and responsiveness.[40] Ghana's National Adaptation Plan (NAP) and Senegal's JETP integrate civil society and private-sector actors into thematic working groups, ensuring inclusiveness and legitimacy.[41] Despite such progress, fiscal decentralisation remains limited across much of the continent.[42] Strengthening fiscal autonomy and institutional capacity will be critical to building coherent national-to-local systems rather than fragmented, project-based approaches.

**At the community level, localisation necessitates empowering citizens and local institutions to design and drive their own solutions**. Communities across Africa possess generations of accumulated knowledge about local ecosystems – knowledge that underpins effective adaptation and risk management. Yet only a small share of global climate finance reaches them directly: less than 10 percent of funding committed under international climate funds to developing countries supports local actors.[43] Expanding direct access, simplifying application processes, and channeling resources through community-based institutions are essential to bridge this gap. Empowered communities are often faster and more effective in delivering adaptation solutions, and their ownership ensures continuity beyond project cycles.

**Economic localisation ensures that Africa's climate and development ambitions generate value where it matters most – within local economies and communities.** Thriving local value chains translate global goals into tangible benefits such as jobs, income, and resilience. By investing in local production, processing, and markets, Africa can shift from importing solutions to producing them, retaining value and strengthening domestic demand. Local investors, banks, cooperatives, and pension funds, have growing potential to finance climate-aligned enterprises. Linking these local economic ecosystems with continental frameworks such as the AfCFTA can accelerate both resilience and industrialisation.

**Africa's transition will only be sustainable if it is shaped and driven from within. When continental frameworks embody African priorities, when national and subnational institutions have the authority to act, and when communities possess the resources and agency to lead, transformation becomes both achievable and lasting. Embedding localisation at every level will be key to ensuring that Africa's resilience and prosperity are defined and delivered by Africans, for Africans.**

## 4. Mobilising domestic capital for Africa's climate and development objectives

*Africa's path to a sustainable and climate-resilient future will depend on its ability to finance its own development. While international climate finance remains critical – and Africa must continue to advocate for its fair share consistent with the Paris Agreement – the continent's long-term prosperity rests on unlocking and deploying its own domestic capital. Expanding domestic resource mobilisation and reducing capital leakages are essential to strengthen fiscal sovereignty, build resilience to external shocks, and accelerate inclusive growth. Mobilising African savings, investments, and financial assets at scale will not only expand fiscal space but also reinforce African agency in shaping its development trajectory.*

**Africa's climate and development financing needs are significant but not insurmountable**. Africa's cumulative nationally determined contribution (NDC) financing needs to 2030 are estimated at US$2.8 trillion, requiring about US$200 billion per year by 2030.[44] Within this, approximately US$25 billion annually is needed to achieve universal electricity access across the continent.[45] Current flows fall considerably short: total climate finance to Africa reached US$43.7 billion in 2021, rising modestly to US$50 billion in 2022, with all subregions underfunded by a factor of three to six – the largest gap being in Southern Africa.[46] Adaptation finance remains particularly constrained, averaging US$14.8 billion per year against annual needs of US$70 billion.[47] Core infrastructure requirements stand at US$130–170 billion per year, yet current financing hovers around US$80 billion.[48] Nearly all of these investments would generate both climate and development dividends for the continent's 1.5 billion people.

**Africa already holds substantial resources to meet a significant share of these needs through domestic mobilisation.** The AFC estimates the continent's domestic capital pools at over US$4 trillion, including US$2.5 trillion in banking assets, about US$1.1 trillion in institutional assets held by pension funds, insurance companies and sovereign wealth funds, and approximately US$470 billion in foreign reserves.[49] Harnessing even a fraction of this capital for climate aligned infrastructure, renewable energy and regional value chain development would substantially advance Africa's ability to finance its own transition.

**A range of innovative mechanisms could help to unlock domestic resources**. Derisking approaches, blended finance structures, and instruments such as green bonds, diaspora bonds, local-currency green bonds with partial guarantees, and pension-anchored infrastructure debt funds could help unlock domestic resources. Platforms enabling sovereign wealth funds, pension co-investments, and blended-finance export credit agency sidecars are also gaining traction. Reinvesting commodity rents into sovereign wealth funds can build economic buffers that mitigate price volatility and lower the cost of capital, while natural assets can be leveraged to attract domestic and regional investment, as demonstrated by green hydrogen projects in Namibia and large-scale hydropower development in Ethiopia.[50]

**At the same time, Africa must continue to advocate for fairer allocation of global and multilateral climate finance.** The continent captured only 3–4 percent of the US$1.3 trillion in annual global climate finance in 2021–2022 – far below what Africa's needs and potential warrant.[51] Smart use of scarce concessional and grant funding from multilateral climate funds, philanthropic actors, and bilateral partners can catalyse broader private and institutional investment through blended finance.

**Reducing capital outflows in the form of illicit finance flows and unsustainable debt servicing can further expand fiscal space for climate and development investment.** Illicit financial flows (IFFs), including tax evasion, trade mis-invoicing, and profit-shifting, drain more than US$88 billion annually, or about 3.7 percent of Africa's GDP.[52] These leakages undermine public revenues and weaken accountability. Measures such as strengthening financial and corporate transparency, enhancing tax cooperation, improving cross-border enforcement, and leveraging data transparency can stem these losses. Meanwhile, Africa's total public debt has risen to approximately US$2 trillion (according to the latest comparable year), growing faster than GDP in several countries and narrowing fiscal space.[53] With a growing share of debt now held by private creditors, broad-based relief is unlikely; however, debt restructurings, swaps and reprofiling initiatives offer pathways to ease unsustainable debt burdens and realign repayment with investment in climate and development priorities.

**Country and regional platforms are emerging as effective mechanisms to coordinate investment and align finance with national and regional priorities.** Regional development banks, notably the African Export–Import Bank (Afreximbank) and the Africa Finance Corporation (AFC), are well positioned to accelerate climate and development finance by combining credit enhancements, regional expertise, local-currency instruments, and convening power. Enhanced attention will be needed to support cross-border projects and incentives that spur regional value chains and infrastructure connectivity. Country-led investment platforms in South Africa, Egypt, Senegal and Ethiopia demonstrate how domestic and international public and private finance can be blended in support of nationally defined priorities. Such platforms can be scaled through South–South cooperation, peer learning and regional coordination.

**Localisation of finance ensures that smaller borrowers, including small and medium-sized enterprises (SMEs), cooperatives, and municipalities, can access capital to deliver meaningful change at the community level.** By supporting local production, renewable energy, and value chain development, domestic finance can generate jobs and reinforce ownership of Africa's green transition.

**Africa's transformation will depend on its ability to mobilise and retain its own capital while leveraging international finance on equitable terms. Domestic finance is not merely a funding source; it is the cornerstone of Africa's economic independence, fiscal resilience and collective self-determination. The building blocks are emerging across the continent; the task now is to consolidate them into a coherent financial architecture capable of funding Africa's climate and development transitions at scale – by Africans and for Africa.**

# 5. Strengthening governance and institutional capability for effective delivery

*Africa's ability to achieve its climate and development ambitions depends on effective, transparent, and accountable governance systems, supported by active and well-organised civic institutions. Strong institutions provide the infrastructure for countries to manage revenues effectively, allocate resources to priority needs, and implement actionable plans aligned with their climate and development goals. They also underpin regional integration by fostering cooperation across borders and enhancing engagement with international partners on Africa's own terms.*

**Institutional performance across Africa reflects a diversity of experiences, encompassing both important progress and ongoing challenges.** According to the African Peer Review Mechanism, strengthening governance remains essential to advancing progress toward Sustainable Development Goal 16 on building effective, accountable, and inclusive institutions.[54] Many countries have made notable gains in areas such as revenue mobilisation and public financial management since 2000, even as momentum in public administration and regulatory capacity has varied.[55] The World Bank's 2025 Africa Country Policy and Institutional Assessment (CPIA) notes that while the region's average score is broadly consistent with other International Development Agency-eligible countries, performance trends differ across contexts: several countries, have sustained improvements, while others, particularly those affected by conflict or fragility, continue to face capacity constraints.[56] Resource-dependent economies often contend with additional structural pressures that affect governance performance.[57]

When looking at development pathways, resorce-rich countries are often the ones falling behind. We need to look at a new model to get us there

**Peer learning and access to reliable data will be critical to strengthening both state and non-state institutions**. Technical assistance, support on policy design and financial management, and investment in digital governance infrastructure can enhance efficiency, transparency, and responsiveness. The UNDP reports growing participation of African governments and intergovernmental organisations in South–South and triangular cooperation on governance and socio-economic development.[58] Similarly, civil society networks facilitate peer learning and knowledge-sharing among non-profits and think tanks. Improved access to information remains vital: robust data systems help governments design evidence-based policies and empower citizens to actively engage.

**Effective governance cannot rest with governments alone.** Civil society, trade unions, universities and think tanks all play essential roles in building inclusive governance ecosystems. Civic actors strengthen the policy process by generating data and evidence, advocating for reform, contributing to service delivery, and reinforcing social cohesion. They also help hold governments accountable, ensuring that state institutions remain responsive to the people they serve. Active civic participation enhances legitimacy, fosters trust, and anchors governance in the realities of African societies.

**Africa benefits from a vibrant and diverse civil society landscape.** EPIC-Africa, a Dakar-based foundation that tracks the continent's philanthropic and civil society sectors, has catalogued more than 320 organisations across 46 countries, working across issues ranging from human rights and health to entrepreneurship, climate change and technology for development.[59] According to Afrobarometer's

2025 Flagship Report on Citizen Engagement, Africans are more likely than citizens in other regions to join collective action efforts, attend community meetings and engage local leaders[60] This civic energy represents a valuable foundation for strengthening social accountability, promoting inclusion, and ensuring that governance remains grounded in citizen priorities.

**Building effective institutions in Africa requires grounding reforms in the political and social realities that shape how change happens. Experience across the continent shows that durable progress occurs when political dynamics are understood and channelled constructively, rather than treated as obstacles. Effective institutions reflect the unique histories, governance systems and social fabrics of each country, prioritising what works in practice over imported models. Strengthening institutional effectiveness across Africa will therefore rely on a balanced combination of technical innovation, political understanding and civic partnership – rooted in local contexts and driven by African leadership.**

# Conclusion

Africa is standing at the threshold of a new era, one defined not by inherited constraints but by the continent's ability to shape the systems, markets, and institutions of tomorrow. The scenarios make clear that Africa's most decisive advantage is not any single resource or policy, but the collective capacity to imagine a different future and organise around it with intent. The ingredients of that future are already visible: regional markets that can anchor new industries, young innovators driving technological leaps, civic institutions strengthening accountability, and domestic capital signalling confidence in Africa's own possibilities.

What remains is a choice – a choice to move with speed, coordination, and ambition equal to the scale of Africa's potential. If countries, regions and institutions align around shared priorities, invest in African-designed solutions, and act together at the pace this moment demands, the continent can redefine its role in the global transition. Africa has the power not only to adapt to a changing world, but to shape the next chapter of global development. The future is opening. The momentum is gathering. This is the moment to step forward and build the Africa that tomorrow will inherit.

# Endnotes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