G20

SOUTH AFRICA 2025

KEY TAKEAWAYS FROM THE AFRICA SUSTAINABILITY FORUM

27 – 28 March 2025 | Johannesburg, South Africa

Harnessing Sustainable Finance Potentials in Africa: Opportunities, Challenges and Actions

The Africa Sustainability Forum attracted over 240 participants from 24 countries and jurisdictions, including policymakers, financial leaders, and industrial experts, with hundreds more attending online. Organised by the Capacity-building Alliance of Sustainable Investment (CASI) under the G20, the Forum was co-hosted by the South African Reserve Bank (SARB), National Treasury, and the United Nations Conference on Trade and Development (UNCTAD).

A diverse group of speakers engaged in in-depth discussions on a broad range of sustainability issues, focusing particularly on the G20 South African Presidency's 2025 sustainable finance priorities and their application within Africa. In his opening remarks, **Wang Xin, Co-Chair of the G20 Sustainable Finance Working Group (SFWG)** highlighted that global warming, environmental degradation, and biodiversity loss not only challenge economic sustainability but also increases public health risk. He emphasised the need for governments, international organisations, and all sectors of society to enhance research on climate-related health impacts, build consensus, and take action.

Marcos Neto, Head of Secretariat of the G20 SFWG, added that although Africa contributes less than 4% of global greenhouse gas (GHG) emissions, it is disproportionately affected by climate risks. He stressed the importance of capacity building to bridge knowledge gaps in policy, access, and technical skills, particularly for mobilising public and private finance. He also noted that the G20 endorsed a Technical Assistance Action Plan (TAAP) in 2023 to support capacity-building ecosystems in emerging economies.

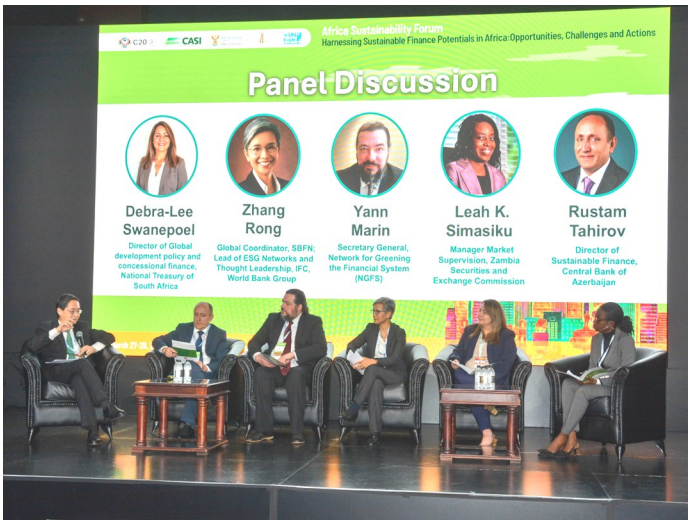
Based on expert insights, panel discussions, and reflections, the Forum has identified numerous opportunities for harnessing sustainable finance potentials in Africa. Here are 6 recommendations from the forum:

Recommendation 1: Activating sustainable finance markets – using taxonomies effectively and promoting interoperability via the Multi-Jurisdiction Common Ground Taxonomy

The Forum explored how taxonomies can play a broader role beyond merely classifying green activities. By effectively using taxonomies such as labelling green assets, reporting green activities, measuring environmental benefits, ranking green finance performance by banks, and incentivising green finance transactions, the adoption of taxonomies can catalyse and create green finance markets. Participants shared experiences where the launch of taxonomies was immediately followed by coordinated engagement with financial institutions to start issuing green bonds. Early successes were often driven by "demonstration issuances" supported by public institutions, which helped showcase the viability of and build confidence in the market.

Participants agreed that developing a shared, interoperable taxonomy is crucial to building investor confidence and supporting -border green capital flows, especially for developing countries. The Multi-Jurisdiction Common Ground Taxonomy (MCGT) initiative was noted as a practical solution to help align African national taxonomies with global standards. This alignment would reduce market fragmentation, boost investor confidence, and attract international green investments.

Dr Ma Jun, Chairman of CASI and Co-Chair of the International Platform on Sustainable Finance (IPSF) Taxonomy Working Group which produced the MCGT, invited South Africa and others to consider joining the development of the next version of MCGT.



From left to right: Ma Jun (CASI and IFS), Rustam Tahirov (CBAR),Yann Marin (NGFS), Zhang Rong (IFC), Debra-Lee Swanepoel (NT), Leah K Simasiku (Zambia SEC).

Recommendation 2: Providing incentivising mechanisms to stimulate green lending and bond issuance for green projects

The Forum underscored the necessity for different stakeholders, such as central banks, other financial regulators, multilateral development banks, and aid agencies, to provide or significantly scale up incentives like concessional finance for green sectors in emerging markets, particularly in Africa.

Government agencies were encouraged to explore fiscal tools, such as interest rate subsidies, tax incentives, dedicated green refinancing or relending facilities, and direct funding facilities (or green windows), to reduce the cost of capital for green borrowers. Even modest interest subsidies can significantly improve the viability of many green projects, especially in sectors like renewable energy, sustainable agriculture, and green transport. These incentives can encourage the issuance of green bonds and loans by making them more attractive to both issuers and investors. They are particularly impactful for new or capital-intensive sectors, such as renewable energy, clean mobility, and green buildings, where high upfront costs can make projects unfeasible under regular market conditions.

Despite fiscal tightening among donor countries, concessional resources remain essential for bridging viability gaps in early-stage or high-risk projects that do not yield commercial returns in the short term. Concessional funding is a valuable financing tool for supporting climate mitigation and adaptation efforts, particularly in Africa and other regions and sectors that currently receive limited private investment.

Recommendation 3: Structuring blended finance mechanisms with robust de-risking instruments

Blended finance was widely seen as an effective way to attract private capital for climate and sustainability projects. The Forum emphasised the value of combining concessional and commercial finance through multi-tiered structures, which may include de-risking tools such as guarantees, first-loss tranches, and insurance products. These instruments can help improve the risk-return profile of green projects, making them more appealing to institutional investors who have a low risk tolerance.

Recommendation 4: Scaling-up the voluntary carbon market through market reform and digital innovation

The voluntary carbon market (VCM) has great potential to direct funds to conservation, restoration, and climate mitigation projects. However, several key barriers hinder its growth: fragmented and misaligned standards; lack of infrastructure for cross-border transactions under Article 6 of the Paris Agreement; and high transaction costs for project development, monitoring, reporting, and verification (MVR), and certification. The Forum highlighted the need to harmonise VCM standards with the Core Carbon Principles (CCP) developed by the Integrity Council for the Voluntary Carbon Market (ICVCM), implement digital MRV tools (such as blockchain) to reduce costs, create national registries to facilitate market participation, establish data-sharing mechanisms, and clarify rules for corresponding adjustments for cross-border transactions. UNCTAD, with the support of CASI, noted their proposal to the G20 SFWG, urging collective action to address these challenges, and make VCMs more transparent, efficient, and scalable.

From left to right: Syakaa William (Axum) Brian Tahinduka (SBG), Sefshi Mokgomo (Infrustructure Fund), Chen Ji (CICC), Louise Gardiner (IFC Africa), Richard Calland (CISL).

Recommendation 5: Embedding revenue streams to adaptation projects to enhance their bankability

Many climate adaptation projects, such as coastal protection, flood management, and ecosystem restoration, often lack direct revenue streams, making them less appealing to private investors. To combat this, the Forum explored innovative models that incorporate income-generating elements into adaptation efforts. Examples included:

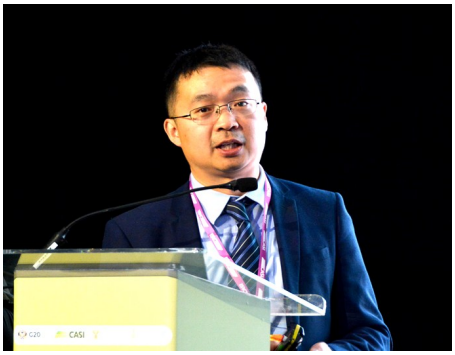
- sponge cities that integrate flood resilience with water recycling and distribution, enabling consumer water tariffs to repay investment costs; and
- agroecological restoration projects that combine solar power, livestock, and high-value crops (e.g. medicinal herbs) to generate multiple revenue streams.

These approaches show how adaptation projects can be designed to be commercially viable through the creative integration of co-benefits.

Recommendation 6: Quality capacity building as the foundation for sustainable finance ecosystem

Throughout the discussions, capacity building was consistently highlighted as essential for advancing the proposed strategies. The Forum noted that many African countries still face challenges in terms of institutional, technical, and human resources, which can limit the design, implementation, and scaling of sustainable finance solutions. Strengthening local capacity – across government agencies, financial institutions, and project developers – was deemed vital for effectively adopting taxonomies, accessing blended finance, developing bankable projects, and participating in VCMs.

Technical assistance (TA) was identified as a high-leverage and quality intervention to enhance project preparation, business model design, and operational readiness. TA can improve project documentation, governance structures, and financial modelling, thereby reducing perceived risks and increasing financier confidence. TA is particularly beneficial for first-time project developers and municipalities.



Cheng-Lin, CASI Head of Secretariat during to launch of CASI's new learning modules.

CASI Academy's 8 new learning modules:

1 Sustainability Disclosure	Sustainability Disclosure Standards
2 Policy Incentives for Sustainable Finance	Financial Regulation, Monetary Policy & Transition Finance Incentives
3 Carbon Market	Compliance Carbon Market
	Crediting-based Carbon Market
	Article 6 Implementation and Operationalization
4 Green Insurance	Green Insurance I
	Green Insurance II
5 Transition finance	Climate Transition Planning Frameworks & Assessments

CASI reiterated its commitment to supporting African stakeholders through various capacity-building initiatives, including in-person forums, TA, online learning, and webinars. CASI was established in response to the G20 TAAP developed by the SFWG in 2023, which was also endorsed by the G20. **For further information on CASI's online offerings, visit: https://academy.casi.net/login**

Shanthessa Ragavaloo, International Economic Relations and Policy at the South African Reserve Bank and Forum Chair

Organisers and co-hosts: