Development Transformations

MORE THAN ITS FAIR SHARE

Africa's fiscal burden in financing climate action amid development trade-offs and debt

Development Transformations (DevTransform)

Pre-design version: content is final, but the layout and formatting will be updated in the published report.

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***Overall Key Message**:* Specifically dedicated allocations to climate programmes must be understood as deliberate fiscal commitments made at the expense of other urgent priorities. Despite negligible historical responsibility, African governments are consistently setting aside resources for climate action — often large enough to cover entire health, education, or road programmes — even while spending 20–30 times more on debt servicing. These steady allocations reveal both the opportunity costs for essential services and the injustice of expecting Africa to receive climate financing in the form of debt-based instruments despite severe fiscal constraints.

Reframing through a Loss and Damage lens:

Beyond highlighting fiscal effort and trade-offs, this analysis can also be interpreted through the prism of *Loss and Damage*. The opportunity costs quantified in this report — where scarce resources are redirected from education, health, social protection, and infrastructure towards climate action — constitute a **form of developmental loss**. In other words, these trade-offs represent an erosion of fiscal space that could otherwise have strengthened resilience and human capital from the ground up. The loss, therefore, arises not only from climate impacts themselves but also from the **foregone development spending** that climate obligations displace.

This framing broadens the understanding of *Loss and Damage* beyond post-disaster compensation to include **structural fiscal losses** — the opportunity costs, debt pressures, and social-sector trade-offs embedded in national budgets. Recognising these fiscal sacrifices as a form of loss challenges the narrative that developing countries must simply "do more domestically." Instead, it calls for a **justice-based interpretation of Loss and Damage**, acknowledging how African countries are already internalising the cost of global inaction through their own budgets. Such a perspective strengthens the case for **grant-based, predictable, and additional climate finance**, including for the Loss and Damage Fund to address not only physical destruction but also the silent attrition of human development potential across the continent.

What do these numbers represent?

The figures presented in this factsheet capture allocations to programmes and projects that are **dedicated to addressing the climate crisis**, where climate action is the principal objective. These are distinct from broader development expenditures that may carry climate co-benefits but are implemented regardless of climate imperatives.

This distinction is important. Many African governments report significant levels of climate-relevant spending, which rightly reflects the mainstreaming of climate across development sectors. However, this factsheet focuses specifically on **dedicated public budget allocations made in response to the climate crisis**, not on development initiatives that would likely proceed in the absence of a climate mandate.

Caution in interpretation

Because many budget documents do not separate sources, the allocations analysed here may reflect all funding streams as tabled by the government. Nevertheless, the central argument remains: in a context of limited fiscal space, **dedicated public resource allocation to climate reflects real implications for other public priorities**.

About the factsheet/brief

This factsheet/brief presents a snapshot of how African governments dedicate their national budgets to climate action—resources that, regardless of their source, could have otherwise supported pressing development needs. Drawing on budget data from fiscal years 2022/23, 2023/24, and 2024/25 across ten African countries—Cameroon, Eswatini, Ethiopia, Ghana, Kenya, Malawi, Mali, Mauritania, Namibia, and Zambia—it highlights three intersecting concerns, alongside external debt servicing:

- Non-negligible share in total budgets of allocations to climate action in fiscally constrained contexts;
- Potential trade-offs with essential programmes in sectors such as health, education, social protection, and infrastructure; and
- The double burden of dedicating scarce resources to climate action while servicing external debt.

To reduce “noise,” we use a three-year average that highlights the **structural burden** rather than one-off events within a fiscal year.

The analysis aims to inform policymakers, climate and debt negotiators, advocates, and development partners about the scale of these opportunity costs, and to

reinforce calls for fair, predictable, and grant-based international climate finance for countries with negligible historical responsibility for the climate crisis.

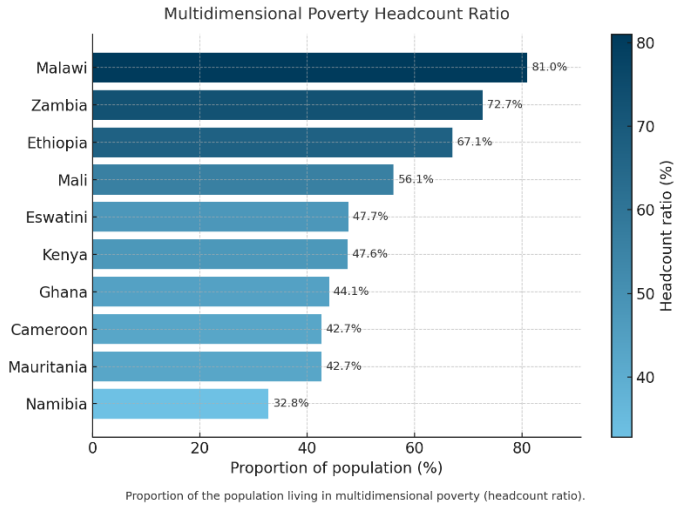
I. BACKGROUND PROFILE

Widespread poverty (Figure 1): Across the study countries, large shares of the population live in multidimensional poverty, from one-third in Namibia (32.8%) to more than four-fifths in Malawi (81.0%). High-burden countries such as Malawi, Zambia, and Ethiopia (all above 65%) face entrenched and overlapping deprivations, while even Namibia's lower figure means one in three citizens lack basic needs. Climate allocations are therefore being made where governments already struggle to meet essential development needs, underscoring the justice argument: African governments are shouldering both climate and development challenges despite negligible responsibility for historical emissions.

Human development (Figure 2): Human Development Index (HDI) scores range from 0.41 in Mali to 0.61 in Eswatini and Namibia, spanning only low and medium categories. None of the study countries reach high (≥0.700) or very high (≥0.800) human development. This signals fragile and uneven progress: Mali (0.41), Ethiopia (0.492), and Malawi (0.508) face severe deficits in health, education, and income, while Ghana, Kenya, and Namibia hover just above the low threshold. Investment in climate action must therefore compete with pressing demands for basic services.

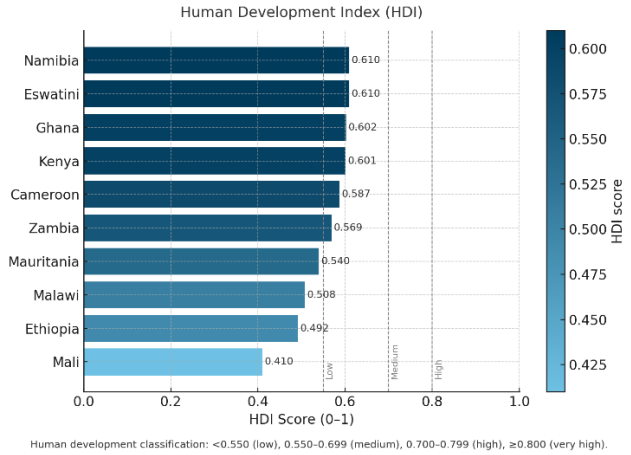
High vulnerability, low readiness (Figure 3): All ten countries fall in the upper-left quadrant of the ND-GAIN matrix, reflecting high climate vulnerability and limited readiness to respond. Mali (0.576, 0.272) and Mauritania (0.578, 0.316) are among the most at risk, but readiness scores are uniformly weak across the region. This reinforces the justice demand that countries facing high vulnerability and low readiness require grant-based climate finance and capacity support, not additional debt.

Figure 1: Multidimensional poverty headcount ratio (% of population)
In all 10 countries, at least one-third of the population is multidimensionally poor, with Malawi, Zambia and Ethiopia among the highest.



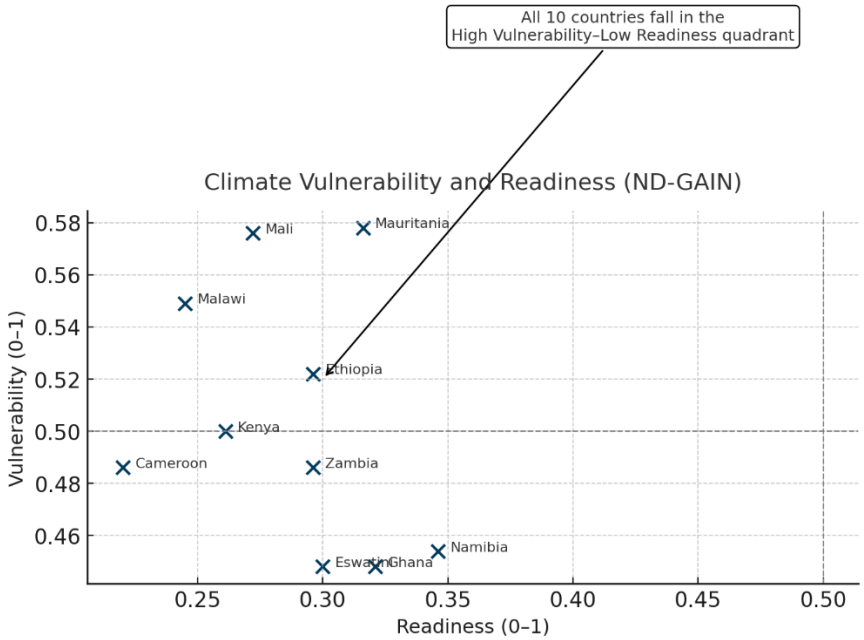
Source: DevTransform based on World Bank data (latest available years)
Note: Multidimensional poverty headcount ratio represents the proportion of the population that is multidimensionally poor, reflecting overlapping deprivations in health, education and living standards, not just income.

Figure 2: Human development index
All 10 countries fall into the low or medium human development categories; none reach high or very high human development.



Source: Source: DevTransform based on UNDP's Human Development Report 2023/24
Note: The Human Development Index (HDI) is a composite measure of human development, combining three dimensions: health (life expectancy at birth), education (mean years of schooling for adults and expected years of schooling for children), and standard of living (gross national income per capita). It summarises average achievement across these dimensions into a single index.

Figure 3: Climate vulnerability and readiness
Countries cluster in the high vulnerability–low readiness quadrant, reflecting systemic exposure and weak adaptive capacity.



Source: DevTransform based on Notre Dame-Global Adaptation Initiative (2023)
Note: ND-GAIN combines vulnerability (exposure, sensitivity, adaptive capacity across six sectors) with readiness (economic, governance, and social readiness). Country classifications (Low, Lower middle, Upper middle, High) derive from their combined position.

II. FISCAL PRESSURE

African countries are responding to the climate crisis under severe fiscal pressure. National budgets already face competing demands, yet governments are dedicating scarce resources to climate action. This factsheet highlights three dimensions of that pressure:

- **Domestic effort:** governments continue to allocate funds to climate programmes with a primary climate objective, despite negligible historical responsibility.
- **Opportunity costs:** these allocations occur alongside pressing needs in health, education, social protection, and infrastructure, reflecting trade-offs created by unmet international finance commitments.
- **The dual burden:** climate allocations must also be weighed against debt servicing obligations, underscoring how countries are simultaneously financing resilience and external liabilities for crises they did not cause.

Taken together, these dynamics expose the **unjust fiscal trade-offs** that constrain development choices and deepen global inequalities. *(See Annex for a detailed methodological note.)*

2.1 Climate allocations within national budgets

This section examines how African governments are budgeting for climate action in relation to their overall fiscal space. Across the ten study countries, the data shows the proportion of national budgets dedicated to climate programmes with a primary climate objective. Tracking these shares is important for assessing both the consistency of climate effort and the trade-offs governments face in balancing climate action against other pressing demands.

Key message 1: Even with limited fiscal space and rising debt burdens, African countries are making consistent and deliberate budgetary commitments to climate action. The low year-to-year variation in allocations (within ±0.3 percentage points in most cases) underscores stability, signalling political commitment and the institutionalisation of climate budgets. Though modest in scale, averaging between 0.1% and 2.8% of national budgets, these are **specifically dedicated allocations to programmes with a primary climate objective**, not broader development projects with incidental climate co-benefits. These allocations represent both fiscal effort and political will to confront a crisis Africa did not cause.

Africa faces an acute fiscal dilemma. Rising debt burdens, mounting social needs, and infrastructure demands leave little room for new investments. Yet governments are deliberately allocating budgetary resources to climate action. Though small in absolute terms, these allocations are politically significant, signalling recognition of the climate emergency as a budget priority.

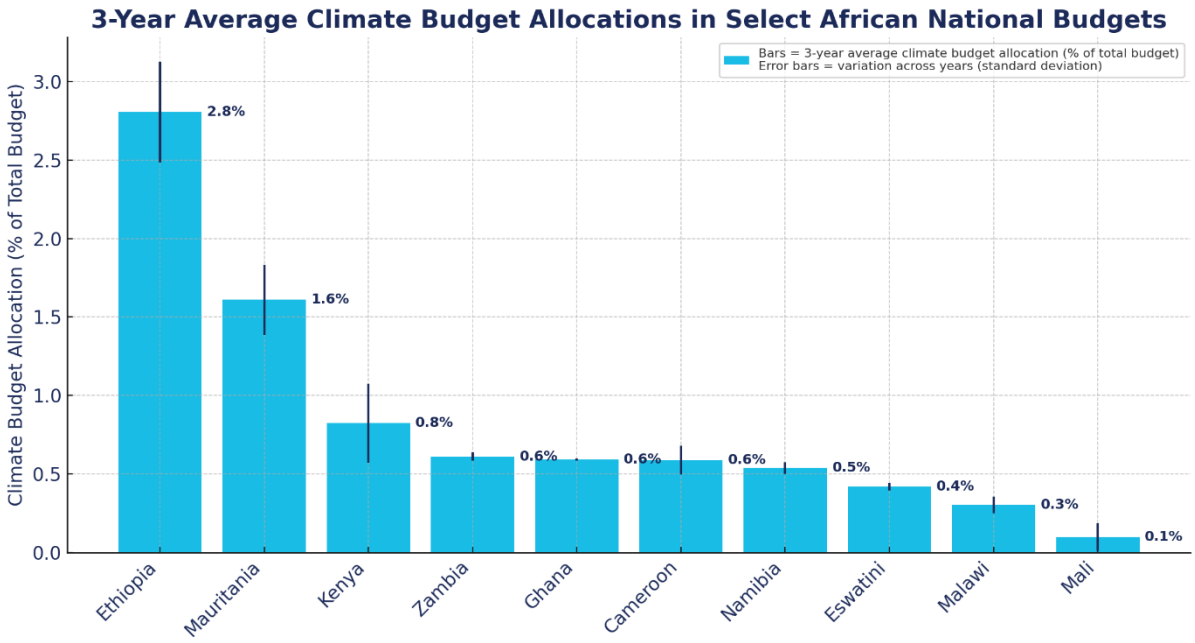
Because the figures are calculated in local currency shares of national budgets, they are neutral to inflation and exchange-rate shifts, showing governments' real fiscal effort. **Allocations to climate action have seen only modest year-on-year increases, but their consistent presence across three budget cycles suggests deliberate prioritisation.** In fiscally constrained settings, even stability signals commitment. This challenges the notion that African countries wait passively for external support: they are steadily deploying limited resources, and climate action is becoming an institutionalised budget line rather than a one-off response to donor funds or extreme events.

Key Findings (Figure 4)

- Climate allocations across the ten countries ranged between **0.1% and 2.8%** of national budgets.
- Three countries committed close to or above 2% (Ethiopia, Mauritania), while four clustered in the 0.5–0.8% range (Kenya, Zambia, Ghana, Cameroon, Namibia). The rest allocated 0.1–0.5% (Eswatini, Malawi, Mali).
- Year-to-year variation was generally low (standard deviation within ±0.3 percentage points), indicating sustained fiscal effort despite constraints..
- Importantly, all of these allocations are being made by countries that fall in the high vulnerability–low readiness quadrant (see Figure 3). This underscores the fiscal injustice: governments already facing acute climate risks and limited readiness are still carving out budgetary space for climate action.

*Figure 4: **Climate budget allocation as a share of national budgets (3-year average with standard deviation) in select Africa countries***

Across the African budgets analysed, governments have maintained non-negligible climate allocations despite fiscal squeeze, with most showing consistent spending across years.



Source: DevTransform based on programme-based budgets of the 10 African countries

Note: Climate share is calculated as the ratio of climate budget allocations to total national budgets. Figures are averaged across 2022/23–2024/25 to suppress annual fluctuations. Because numerator and denominator are drawn from the same year's budgets, the ratios are inflation- and exchange rate-neutral, reflecting domestic prioritisation.

Policy Implications

1. *Recognition of effort:* African governments are already allocating scarce fiscal resources to climate action, despite negligible responsibility for the crisis. While the persistence of climate allocations, even under severe fiscal constraints, signals political will, it also exposes the limits of domestic capacity. These allocations should be acknowledged as deliberate commitments, not symbolic gestures.
2. *Grant-based finance*: Given acute fiscal constraints and rising debt burdens, external climate finance must come as grants and additional resources, not loans that worsen indebtedness or displace social spending.
3. *Scaling potential*: The consistent, if modest, presence of climate budget lines shows a foundation that can be scaled with international support, enabling countries to expand climate action without sacrificing health, education, or infrastructure spending.

4. *Justice imperative:* Together, the data underscores Africa's justice demand: the continent is contributing domestic resources to address a crisis it did not cause, while international obligations remain unmet.

2.2 Opportunity costs: climate vs. social and economic programmes

Sections 2.2.1–2.2.4 examine the opportunity costs of dedicated budget allocations to climate action by focusing on two categories of programmes:

- Core human development sectors – health, education, and social protection, critical for wellbeing and equity.
- Structural economic sector – infrastructure, which is foundational for long-term development and resilience.

While climate allocations are necessary and justified, in highly constrained budgets they can limit fiscal space for other urgent priorities. Even modest allocations may create pressures on services in countries already burdened by debt and austerity.

Caution in interpretation
These comparisons *do not assume governments would have reallocated climate funds to social sectors, nor that climate is the direct cause of underfunding elsewhere.* They also do not assume external climate finance could otherwise have been used for other purposes. Instead, the figures illustrate **opportunity costs**: in tight fiscal settings, resources allocated to climate cannot simultaneously support other needs.

How to read the numbers
We use a **budget equivalence approach** to illustrate scale. For each country, the climate allocation is compared to the budget of another sector in the same year to show what share it could cover if, purely hypothetically, it were spent there. This is not a recommendation to reallocate funds, but a way to convey scale. Use the three-year average and overall sector envelope as the anchor, since year-to-year spikes can result from small programme lines or disaster-related emergencies.

2.2.1 Opportunity costs: climate vs. health programmes

Health is a cornerstone of human development and equity, yet health budgets in many African countries remain under severe pressure from debt, austerity, and unmet needs. This section uses a budget equivalence approach to test a counterfactual: *what share of selected health programmes could be financed if countries' climate allocations were hypothetically redirected to health?* The exercise

illustrates scale, not reallocation, and highlights the opportunity costs governments face when funding climate action within fixed fiscal envelopes.

Key message 2: Climate allocations are large enough in several cases to cover significant portions — and sometimes the entirety — of core pro-poor health programmes. Without additional external support, governments risk a zero-sum choice between climate resilience and frontline health services. For example, allocations are large enough to finance **twice the Universal Health Coverage line in Ethiopia**, **nearly three times the combined 19-hospital bundle in Namibia**, and **two-thirds of case management in Cameroon**.

Programme selection focuses on pro-poor health functions:

- Preventive and population health (disease control, community PHC).
- Maternal, newborn, child and adolescent health (RMNCAH/MCH).
- Essential medicines and supplies.
- Primary and district-level hospital services.

Because both climate and health budgets are in local currency, the equivalences are inflation- and exchange-rate neutral. They show how climate allocations compare to health programme baselines within the same fiscal year. Ratios above 100% indicate that the climate envelope, if hypothetically redeployed, could fully fund a given programme for a year (≈12 months of coverage).

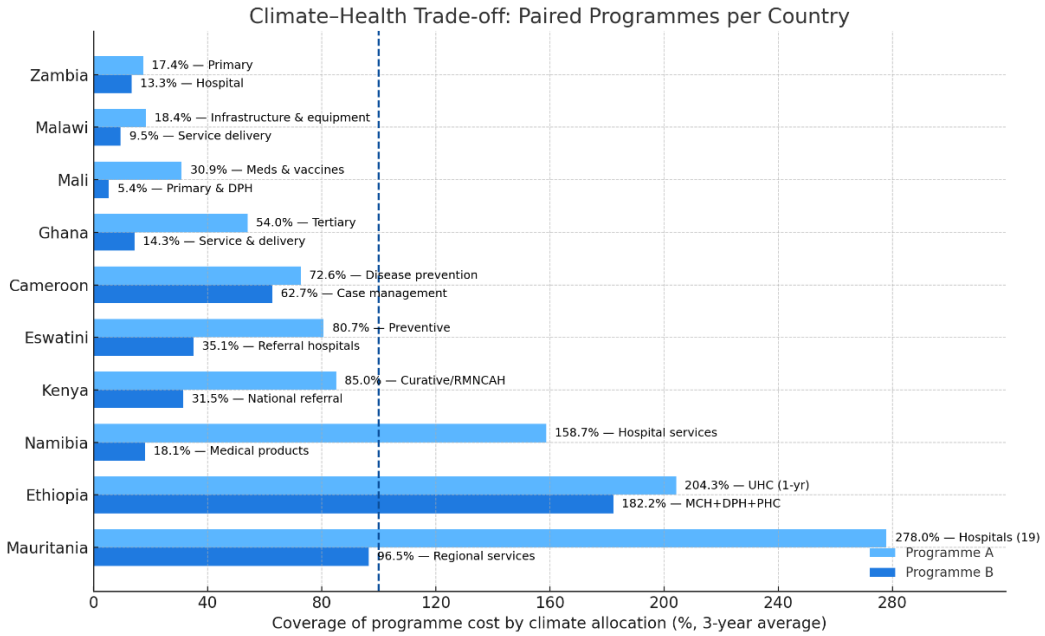
Key Findings (Figure 5)

- Cameroon: Climate allocations could fund ~73% of Disease Prevention and ~63% of Case Management.
- Eswatini: Equivalent to ~81% of Preventive Medicine and ~35% of National Referral Hospitals.
- Ethiopia (federal): Large enough to cover ~204% of the Universal Health Coverage line and ~182% of MCH, Nutrition, Disease Control, and Community PHC.
- Ghana: Could finance ~14% of Health Service & Delivery and ~54% of Tertiary and Specialised Services.
- Kenya: Equal to ~32% of National Referral & Specialised Services and ~85% of Curative & RMNCAH.
- Malawi: Equivalent to ~5% of Health Service Delivery and ~18% of Health Infrastructure & Medical Equipment.
- Mali: Could finance ~31% of Essential Medicines, Vaccines & Consumables and ~5% of Primary Health Care & Disease Control.
- Mauritania: Enough to cover ~97% of Regional Health Services and ~278% of the combined 19 national and regional hospital bundle.

- Namibia: Equivalent to ~159% of Hospital Services and ~18% of Medical Products & Equipment.
- ***Zambia:*** *Could fund ~17% of Primary Health Services and ~13% of Hospital Services.*

Figure 5Climate allocations as a share of core health programme budgets (3-year average, 2022/23–2024/25)

In several countries, climate allocations are large enough to match or exceed the cost of essential health programmes, illustrating the scale of fiscal trade-offs.



Source: DevTransform based on programme-based budgets of the 10 African countries

Notes:

1. *Dashed line =100% shows the **average climate allocation** equals the **average annual cost** of that programme; interpreted as months, that is **≈12 months** of coverage.*
2. *MCH= Maternal and Child Health; RMNBCAH Reproductive Maternal New Born Child Adolescent Health; PHC=Primary Health Care;*
3. *For each country, the 3-year average climate allocation (FY2022/23–2024/25) and divided by the average of the listed health programme over the same period. All figures are in local currency, using shares within the same year, so the results are inflation- and FX-invariant.*
4. *Ethiopia: several federal programme lines (Maternal & Child Health; Disease Prevention & Control) exist only in 2023/24–2024/25. Their averages are therefore 2-year means, which —combined with a larger federal climate envelope — produce very high equivalence. Also, Ethiopia figures are federal only (regional health spending not included).*

Policy implications

1. *Additionality is non-negotiable*: Without new fiscal space, climate allocations risk displacing frontline health services. Even a single year's UHC budget line shows how climate allocations could hypothetically displace one of the most equity-enhancing reforms. This highlights the stakes that climate finance that is not additional risks coming at the expense of universal health commitments

2. *Safeguard pro-poor spending*: Climate finance must be genuinely additional so that essential services (prevention, RMNCAH, essential medicines) are not crowded out.
3. *Design for co-benefits*: Prioritise adaptation that reduces health burdens, so that climate investment strengthens, rather than competes with, health outcomes.

2.2.2 Opportunity costs: climate vs. education programmes

This section quantifies a hypothetical trade-off between climate allocations (budget estimates) and one pro-poor education programme per country. For each country we ask: *If the average climate budget were spent on this education line instead, what share (or months of coverage) would it buy?* The exercise is a scale indicator—a way to size the climate envelope against programmes that matter most for children and equity.

Key message 3: Climate allocations, when compared to core education programmes, reveal sharp trade-offs. In several countries, they already rival or surpass the cost of flagship interventions that reach millions of children. For example, allocations are large enough to fund **nearly three-quarters of Kenya's entire primary education budget**, **more than a third of all national universities in Ethiopia**, and **more than a third of Mauritania's 15 regional education directorates**. While purely hypothetical, these equivalences illustrate the scale of trade-offs in contexts of tight budgets, where climate obligations directly compete with human capital investment.

This analysis provides a size-of-envelope benchmark: for each country, we compare the average climate allocation (FY2022/23–2024/25) to one pro-poor education programme and report the share of a typical year that the climate envelope could hypothetically fund. It is an equivalence measure, not a proposal to reallocate funds.

Programme selection focuses on pro-poor education functions:

- Primary and basic education (core access and equity).
- Grants to schools and capitation support.
- Secondary education.
- Higher education anchors (Ethiopia: all 47 national universities; Mauritania: 15 regional education directorates).

Because both climate and education budgets are in local currency, the equivalences are inflation- and exchange-rate neutral. They show how climate allocations compare to education programme baselines within the same fiscal year. Ratios above 100%

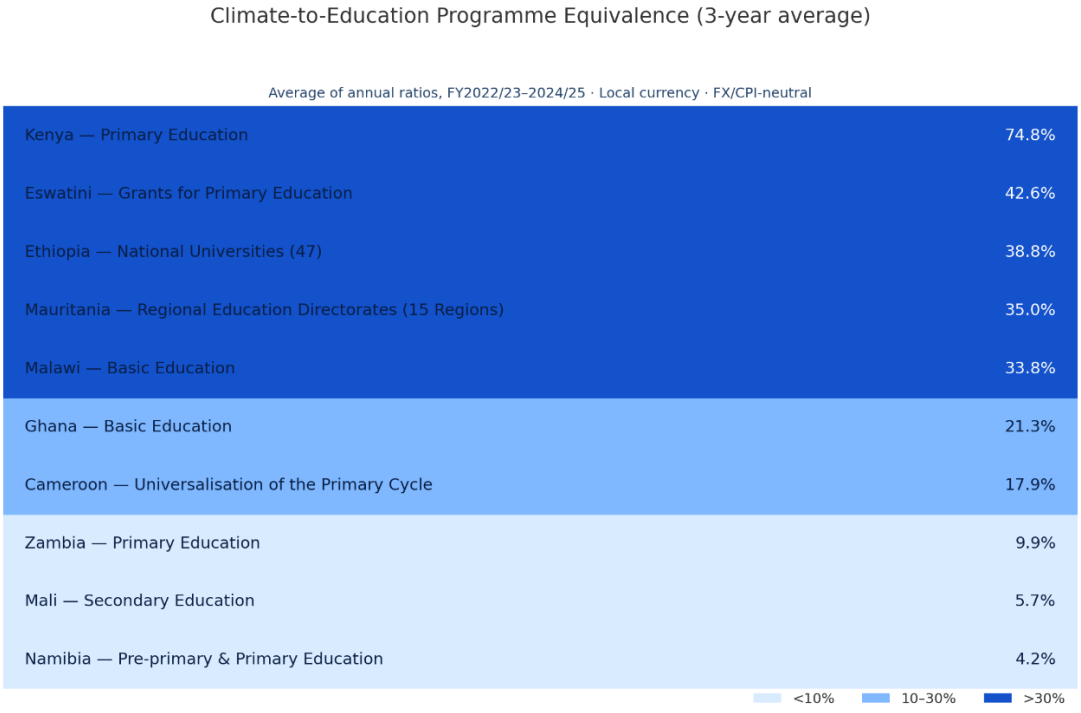
indicate that the climate envelope, if hypothetically redeployed, could fully fund a given programme for a year (≈12 months of coverage).

Key findings (Figure 6)

- Kenya: Climate allocations ≈ 74.8% of Primary Education.
- Eswatini: ≈ 42.6% of Grants for Primary Education.
- Ethiopia: ≈ 38.8% of all national universities.
- Mauritania: ≈ 35.0% of 15 Regional Education Directorates .
- Malawi: ≈ 33.8% of Basic Education.
- Ghana: ≈ 21.3% of Basic Education.
- Cameroon: ≈ 17.9% of Universalisation of the Primary Cycle.
- Zambia: ≈ 9.9% of Primary Education.
- Mali: ≈ 5.7% of Secondary Education.
- Namibia: ≈ 4.2% of Pre- & Primary Education.

Figure 6: Climate-to-Education Programme Equivalence (3-year average)

*Across the ten study countries, climate allocations are equivalent to between **4.2% and 74.8%** of annual pro-poor education programme costs.*



Source: DevTransform based on programme-based budgets of the 10 African countries
Notes:

1. *Values above 100% indicate that average climate allocations exceed the total cost of the comparator education programme.*
2. *Ethiopia: figures reflect federal-level budgets across all national universities, not just a subset; it excludes TVET/exam services and regional education budgets.*
3. *Mauritania: the comparison is with the sum of 15 DREN (Regional Education Directorates) lines—this is the regional delivery backbone.*
4. *FX & prices: all in local currency, compared within the same year, so results are FX and inflation neutral.*
5. *Cameroon data fix: units for 2022/23 primary-cycle line corrected.*

Policy implications

1. *Ensure additionality*: Climate finance must be provided as *new and grant-based resources* so that core education budgets (are not perceived as being displaced by climate allocations.
2. *Build climate–education synergies*: Channel climate resources into education-relevant adaptation (e.g. climate-resilient schools, clean energy for learning facilities, safe water and sanitation, and heat-safe classrooms). This way, climate investments strengthen human capital rather than compete with it.
3. *Tailor approaches by fiscal space:* In high-equivalence contexts (Kenya, Eswatini, Ethiopia, Mauritania), prioritise ring-fencing education lines while linking climate projects to co-benefits for learners. In low-equivalence settings (Namibia, Mali, Zambia), leverage climate finance for targeted resilience pilots, not as a substitute for core education delivery.
4. *Transparency and pro-poor focus*: Tag and publish climate-related allocations in education budgets, and ensure climate-linked investments are pro-poor.

2.2.3 Opportunity costs: climate vs. social protection programmes

This section tests scale: if the *average* climate envelope (FY2022/23–2024/25) were hypothetically spent on one pro-poor social-protection line, what share of that programme's annual cost could it cover? Ratios are computed year-by-year (climate ÷ programme) and then averaged across three years. Because each ratio is done within the same fiscal year and currency, results are forex- and inflation-neutral. This is about equivalence, not a reallocation proposal.

Key message 4: In several countries, climate allocations are substantial enough to replace or exceed core social protection programmes—for example, more than twice the federal urban safety net in Ethiopia or over 200% of non-pension social protection in Cameroon. This highlights stark trade-offs, with governments forced to balance long-term climate action against immediate poverty relief in already constrained fiscal environments.

Budgets are under compound pressure. Climate allocations, while justified, can compete with, or crowd out, resources for direct poverty relief.

Programme selection focuses on pro-poor social protection functions such as:

- Cash transfers and safety nets.
- Non-pension social protection.
- Combined or total social protection envelopes (e.g., Mauritania, Namibia, Mali).

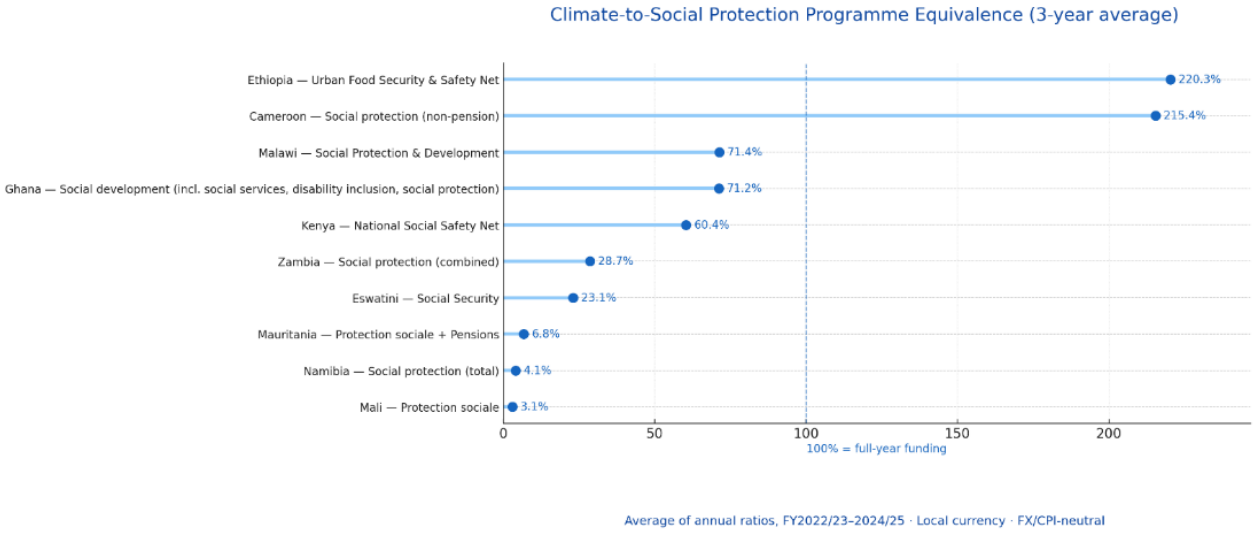
Because both climate and social protection budgets are in local currency, the equivalences are inflation- and exchange-rate neutral. They show how climate allocations compare to social protection programme baselines within the same fiscal year. Ratios above 100% indicate that the climate envelope, if hypothetically redeployed, could fully fund (or more than fully fund) a given programme for a year (≈12 months of coverage).

Key findings (Figure 7)

- In Ethiopia, the climate envelope averages 220% of the federal *Urban Food Security & Safety Net*, enough to fund more than two full years of the programme.
- In Cameroon, climate allocations equal 215% of *non-pension social protection*, similarly exceeding the cost of the programme.
- In Malawi and Ghana, climate allocations are equivalent to about 71% of *Social Protection & Development* and *Social Development* budgets respectively.
- In Kenya, climate spending matches around 60% of the *National Social Safety Net*.
- In Zambia and Eswatini, climate allocations are material but smaller, covering 29% and 23% of their combined or core programmes.
- In Mauritania, Namibia, and Mali, the equivalence is limited (7%, 4%, and 3% respectively), though still non-negligible within tight fiscal settings.

Figure 7 Climate-to-Social Protection Programme Equivalence (3-year average)

In several African countries, climate allocations rival or exceed the scale of core social protection programmes, highlighting stark trade-offs between long-term climate action and immediate poverty relief.



Source: DevTransform based on programme-based budgets of the 10 African countries

Notes:

1. *For each year we compute (climate allocation ÷ programme allocation), then take the average of those annual ratios across FY2022/23–2024/25.*
2. *Ethiopia: federal "Urban Food Security & Safety Net" programme*
3. *Cameroon: Social protection (non-pension): combines "Social protection" and "Promotion of social security for all"; excludes the national pensions line.*
4. *Malawi: Social Protection & Development: excludes pensions & gratuities (which are shown in the budget but not used here).*
5. *Ghana: Social development, incl. social services, disability inclusion, social protection.*
6. *Zambia: Social protection (combined): totals across Social Assistance, Social Welfare & Social Security Services under two line ministries.*
7. *Mauritania: Protection sociale + Pensions: combined "Protection sociale" and "Pensions" (shown together because of small standalone allocations).*

Policy implications

1. *Make climate finance genuinely additional***.** Climate allocations must not erode poverty-targeted social protection.
2. *Safeguard a minimum floor***.** Establish a "no-regrets" floor for social protection (e.g., SP ≥ X% of total expenditure) before expanding new climate lines. This prevents hidden trade-offs in fiscally tight years.
3. *Prioritise grants over loans***.** Loan-financed climate spending risks future debt service crowding out social protection. Negotiators should push for grants and concessional terms, citing the clear months-of-coverage opportunity cost.
4. *Respond to crises with contingency, not cannibalisation***.** In shock years, governments should trigger contingency financing (domestic buffers or external facilities) for climate response rather than reallocating from social protection as households need protection most during crises.

5. *Tailor policy stance by equivalence band:*
    - *≥100% (Ethiopia, Cameroon non-pension):* trade-offs are decisive. Policy makers should insist on additional climate resources or attach social co-benefit conditions; never backfill by trimming social protection.
    - *50–100% (Malawi, Ghana, Kenya):* allow climate scaling only alongside a social protection floor, to ensure households don't finance climate through lost transfers.
    - *<30% (Zambia, Eswatini, Mauritania, Namibia, Mali)* where climate allocations are modest, focus negotiations on larger fiscal space rather than reshuffling within social sectors.

2.2.4 Opportunity costs: climate vs. roads programmes

This section uses a climate-to-roads programme equivalence lens to show scale: *if* a country's average climate allocation (FY2022/23–2024/25) were hypothetically spent on one selected road programme, what share of that programme's annual cost would it cover? The lens helps negotiators and budget decision-makers grasp the opportunity cost (or opportunity size) when balancing climate action with pro-poor infrastructure.

Key message 5: Across several countries, average climate allocations are already on the order of half a year of core road spending. This means governments are facing a very real opportunity cost: every unit of climate spending could alternatively fund large, pro-poor road investments. For example, climate allocations are equivalent to **over half of Ghana's annual road and bridge construction budget**, **more than half of Ethiopia's major link road construction**, and **over half of Mauritania's road transport infrastructure programme**.

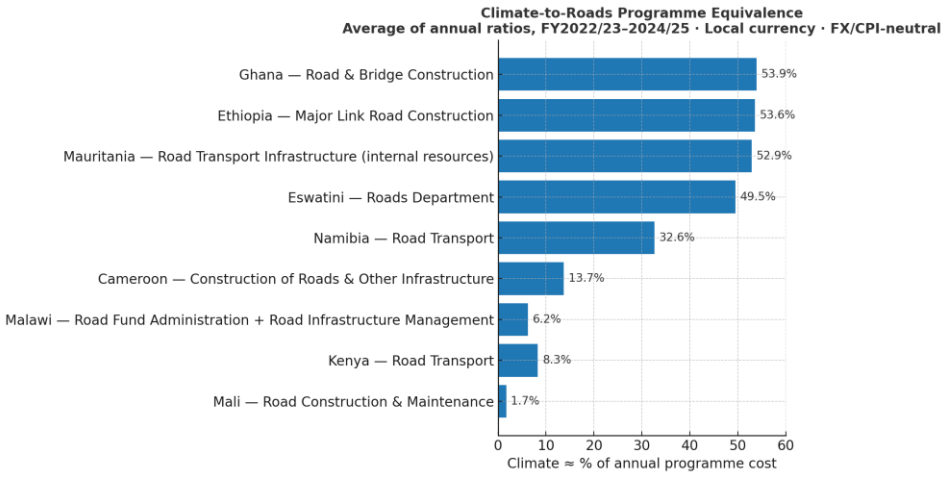
Roads are the poor person's utility: they connect low-income households to clinics, schools, markets, social protection pay points and jobs; they also lower food prices by cutting transport margins. Maintenance and small works are labour-intensive and geographically dispersed, so they generate local employment where poverty is highest. Climate shocks make this even more salient—floods and intense rainfall destroy culverts, isolate communities and disrupt service delivery. In fiscally tight settings, rising climate allocations are often carved out of the **same budget ceiling** that funds roads. Our climate-to-roads equivalence results show that, in several countries, the average climate envelope is **on the order of half a year of core road spending**. That means there is a **real opportunity cost** if climate resources are not **additional**: every climate currency unit risks crowding out kilometres maintained or feeder roads upgraded, which are precisely the investments that benefit the poorest.

Key findings (Figure 8)

- Ghana: Climate allocations could finance 53.9% of the annual cost of road & bridge construction, equivalent to over half a year's worth of construction activity.
- Ethiopia: Climate allocations could cover 53.6% of major link road construction.
- Mauritania: Climate allocations equal 52.9% of road transport infrastructure (internal resources) programme, showing a direct trade-off with national road delivery capacity.
- Eswatini: Climate allocations could fund 49.5% of annual roads departmental costs.
- Namibia: Climate allocations are equivalent to 32.6% of road transport, or about one-third of this sector's annual budget.
- Cameroon: Climate allocations could reach 13.7% of the 'Construction of Roads & Other Infrastructure' programme, still a notable fiscal share.
- Kenya: Climate allocations equal 8.3% of road transport, representing a smaller but non-trivial portion of the programme.
- Malawi: Climate allocations could finance 6.2% of Road Fund Administration + Road Infrastructure Management, highlighting modest but real trade-offs in a highly resource-constrained setting.
- Mali: Climate allocations are 1.7% of road construction & maintenance.

Figure 8: Climate-to-Road Infrastructure Programme Equivalence (3-year average)

Climate allocations range from negligible shares of road budgets (Mali 1.7%) to levels that far exceed them (Zambia 266.6%), underscoring stark disparities in fiscal trade-offs across countries.



Source: DevTransform based on programme-based budgets of the 10 African countries

Notes:

1. *Programme selection: We deliberately chose road-specific lines to reflect pro-poor access (e.g., Road & Bridge Construction; Major Link Road Construction; Roads Dept; Road Transport).*
2. *Method: For each country we take the 3-year average climate allocation (FY2022/23–2024/25) and divide by the 3-year average of a selected road programme in the same local currency. We average ratios year-by-year (not sum climate ÷ sum programme).*
3. *Inflation/FX: All within-year local-currency shares → FX/CPI-neutral by construction.*
4. *Malawi combined line: "Road Fund Administration + Road Infrastructure Management" are combined to reflect the effective road-spend envelope where operations are split across entities.*
5. *Zambia excluded: The main line is an all-modes transport/infrastructure aggregate, so it is not a clean roads comparator.*

Policy implications

1. *Additionality clause:* Climate action and pro-poor road access are natural complements, but only if climate resources are truly additional and do not crowd out essential road spending.
2. *Budget guardrail*: Protect a real-terms floor for priority road programmes (routine/periodic maintenance, rural/feeder connectivity). Climate funds should be layered on top, not used as replacements.
3. *No-regrets sequencing*: When climate finance supports roads, structure it to *climate-proof* existing projects rather than reduce kilometres maintained or delay access expansion.
4. *Financing quality*: Prioritise grants for climate finance to avoid future debt-service burdens that could force cuts to road maintenance.

III. DOUBLE BURDEN: Debt Servicing vs. Climate Allocations

This section examines the double burden of debt servicing and climate allocations in national budgets across selected African countries. It highlights the scale of resources directed to debt repayment compared to those committed to climate action, and considers the implications for fiscal space, international climate negotiations, and development cooperation.

Key message 6: African governments spend, on average, 10–30 times more on external debt servicing than on climate action. In Kenya, every $1 for climate is matched by $29 for debt; in Ghana, $21; in Cameroon, $27. This **lays bare the injustice** of offering climate loans to already debt-burdened countries. Yet despite this fiscal squeeze, climate allocations remain steady, underscoring deliberate political will.

Debt servicing is now one of the largest expenditure items in African budgets, consuming between 10% and 30% of total spending on average, with spikes far higher particularly in 2024. At the same time, governments continue to make **deliberate and consistent fiscal efforts** to allocate resources to climate action, even if these remain modest in scale. Climate lines show very low volatility year to year, signalling that they are becoming institutionalised rather than one-off responses.

Comparing climate allocations to debt servicing exposes a stark **structural imbalance**: creditors capture fiscal space at multiples of what is directed to climate, constraining governments' ability to respond to the crisis. Without, on the one hand, **debt cancellation or repudiation of odious debt**, and on the other hand **predictable, grant-based climate finance**, African governments remain in a double bind, forced to honour external debt obligations while attempting to resource climate adaptation and mitigation. This is the essence of the justice demand: the continent is committing scarce domestic resources to a crisis it did not cause, while global financial rules continue to deny it the fiscal space required for meaningful climate action.

Key findings (Figure 9)

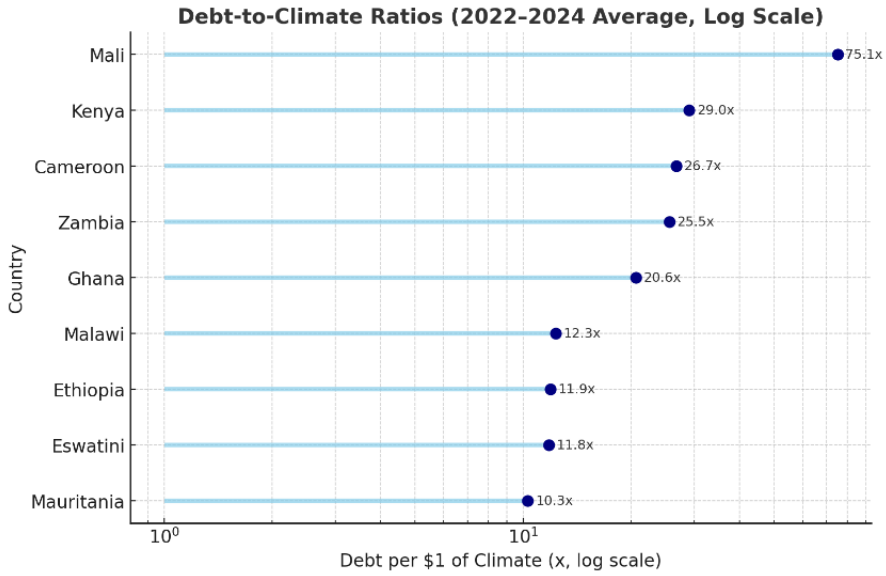
- Debt dominates over climate across all countries. On average, debt servicing absorbs 10–30 times more budget resources than climate allocations.
- Country-specific highlights:
    - Kenya: For every $1 allocated to climate, about $29 goes to debt service.

- Cameroon: Roughly 27× more spent on debt than climate.
- Zambia: Debt outweighs climate by about 26×.
- Ghana: About 21× more spent on debt than climate.
- Ethiopia: Debt is ~12× larger than climate allocations.
- Eswatini: Roughly 12× more on debt than climate.
- Malawi: About 12× more spent on debt.
- Mauritania: Debt is ~10× larger than climate allocations.
- Mali (outlier): Debt is 75× higher than climate, reflecting exceptionally low climate allocations in 2022.

- *Consistency of climate effort*: Despite this imbalance, climate allocations remain stable and deliberate, with very low year-to-year. This indicates governments are institutionalising climate as a budget line even under severe debt pressure.
- *Structural injustice:* These results show that the real crowding factor is debt, not climate. Without debt cancellation and grant-based external climate finance, governments cannot meaningfully expand climate spending without undermining development priorities.

Figure 9 Debt Servicing vs. Climate Allocations (3-year average)

Across nine African countries, governments spend 10–30 times more on debt servicing than on climate action underscoring the structural injustice that constrains fiscal space for climate response.



Source: DevTransform based on the International Debt Statistics (IDS) data (2025 updated) and programme-based budgets of the 10 African countries (FY 2022/23-2024/25)

Notes:

1. *Debt service data from the IDS, converted into local currency and compared within the same fiscal year, making results FX- and inflation-neutral.*
2. *Debt service on external debt, public and publicly guaranteed (PPG) (TDS, current US$)*
3. *Climate allocations are drawn from national budget programme-based budget data.*
4. *Mali's ratio is an outlier due to exceptionally low reported climate allocations in 2022.*
5. *Namibia is excluded due to missing debt service data at the IDS.*

Key messages

For African Policy Makers and Negotiators

- *Protect climate budget lines* as a signal of commitment, even when allocations are modest.
- Make debt justice a core part of climate diplomacy: highlight how debt undermines fiscal space for adaptation and mitigation.
- *Build stronger collective positions* (through AGN, AU, etc.) demanding climate finance that does not worsen indebtedness.

For Development Partners

- Recognise that *debt, not lack of effort, limits African climate allocations*.
- Provide climate finance as *grants and additional resources*, not loans that recycle the debt trap.
- *Support debt cancellation and repudiation of odious debt to ease* fiscal space to scale up climate action.

For Activists and Civil Society

- *Campaign with the debt-to-climate ratio*: "For every $1 our governments spend on climate, $20–30 go to debt."
- *Challenge deficit narratives*: the data shows deliberate climate effort under severe fiscal squeeze.
- *Forge alliances* between debt justice and climate justice movements to press for structural reform in global negotiations.

ANNEX: Methodological Note

1. **Timeframe and scope of data:** The analysis is confined to government programme-based budget documents for fiscal years **2022/23 to 2024/25**.
2. **Scope of climate allocations tracked:** Included are only allocations to government programmes and projects whose **primary objective** is climate action (adaptation and mitigation). Broader development programmes with indirect climate relevance (e.g., education, health, or infrastructure projects with co-benefits) are excluded.
3. **Calculation of ratios (why shares are "real"):** All ratios are computed in **local currency within the same fiscal year**, so results are automatically **inflation- and FX-neutral**. This applies to:
   - *Climate share of total budget* = $\text{Climate}^t \div \text{Total Budget}^t$
   - *Sectoral equivalence (e.g., climate vs. health/education/roads)* = $\text{Climate}^t \div \text{Programme}^t$
   - *Debt-to-climate ratio* = $\text{Debt Service}^t \div \text{Climate}^t$
   - *3-year averages* = arithmetic mean of annual shares (2022/23–2024/25)
   - *Volatility* = standard deviation of annual climate shares (percentage points)

Because both numerator and denominator are drawn from the same year's budgets, **no deflation or USD conversion is required**. Ratios reflect real shifts in budget composition, not price effects.

5. Budget allocations vs. actual spending: Figures reflect **budget estimates**, not executed expenditure. Differences may occur due to absorption limits, supplementary budgets, or reprioritisation.

6. Data sources

- **Budget allocations:** Programme-Based Budget (PBB) documents for each country.
- **Debt servicing:** *World Bank International Debt Statistics (IDS)*, covering external public and publicly guaranteed (PPG) debt service (interest + principal). Namibia is excluded due to missing IDS data.

7. Sectoral budget tracking: Sectoral equivalence analyses (health, education, social protection, infrastructure) use **programme-level budgets**, with pro-poor or flagship delivery lines selected for comparability. Aggregated programmes are used where appropriate (e.g., Mauritania's regional education directorates, Ethiopia's national universities) to avoid distortion from very small baseline lines.

8. Limitations

- Results reflect **allocations**, not audited spending.
- Small programme baselines can yield very high ratios (e.g., specialised hospitals, oncology lines). These are included for illustration but should be anchored with larger programme comparators.
- Debt analysis focuses on **external PPG debt service**, which represents the greatest fiscal stress; domestic debt is not included.
- Ratios illustrate **equivalence**, not actual or recommended reallocation.

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