

Climate Finance Under the South African G20 Presidency

KIRSTEN PEARSON, SAIIA



Introduction

As South Africa pursues its policy objectives for its G20 presidency in 2025, it must contend with a fractious international environment. In the run-up to its presidency, South Africa announced four priorities that it wishes to elevate: (1) strengthening disaster resilience and response; (2) ensuring debt sustainability for low-income countries; (3) mobilising finance for a just energy transition; and (4) harnessing critical minerals for inclusive growth and sustainable development.¹ Aligned with the objective of mobilising finance for a just transition, South Africa has sought to achieve consensus on enhancing both the quality and the quantity of climate finance directed toward developing countries.

The focus that South Africa has selected on mobilising finance for just energy transitions is well suited to the country's experience. By launching its Just Energy Transition Partnership (JETP), a financing cooperation mechanism with pledges of \$8.5 billion, at COP26 in 2021, South Africa established a strategic alignment between its domestic energy transition and global efforts. This was the first time that such a partnership had been forged. South Africa's G20 presidency is therefore an ideal opportunity to elevate country platforms within the G20 agenda.

South Africa's presidency of the G20 also presents a crucial opportunity to bring African concerns about climate finance to the forefront. This is especially significant in light of the AU's entry to the G20 in 2023.²

Advancing climate finance: Brazil 2024

Brazil's G20 presidency ensured tangible outcomes and areas of work that have shaped South Africa's approach to its own G20 presidency. The [Rio de Janeiro Leaders' Declaration](#) addresses several climate finance-related issues and underscores the need for increased international collaboration and support to scale up public and private climate finance for developing countries. The declaration supports the G20's Sustainable Finance Roadmap and, reiterating the New Delhi G20 Leaders Declaration, recognises the need to rapidly and substantially scale up climate finance from billions to trillions from all sources. This includes optimising the operations of climate and environmental funds to align with countries' needs and priorities.

Mobilising resources was another of the key areas that supports the drive to scale up climate finance. The declaration highlights the necessity of mobilising both public and private capital to finance projects and programmes in developing countries. This includes creating country-led platforms (like South Africa's JETP) that are flexible and well adapted to national circumstances to effectively match mitigation, adaptation and resilience-building challenges with concrete financial resources. Emphasis was given to the importance of accelerating technological innovation and enhancing resilience while supporting ambitious green industrial planning and strategies.

Reforming international financial architecture was another of the key areas of work. There was a commitment to accelerating the reform of international financial architecture to meet the urgent

¹ G20 South African Presidency, "Concept Note and Calendar: G20 South Africa", 2024.

² World Economic Forum, "The African Union Has Been Made a Permanent Member of the G20 – What Does It Mean for the Continent?" 2023, accessed August 4, 2025, <https://www.weforum.org/stories/2023/09/african-union-g20-world-leaders/>

challenges of sustainable development and climate change. This includes ensuring that risks are well captured and increasing the transparency of credit ratings and country risk assessments.

Just transitions were also in the G20 spotlight in 2024. The Brazil declaration emphasises the importance of operationalising just transitions, considering economic, social and environmental dimensions, and addressing challenges related to financing nature-based solutions. There was a clear commitment to facilitate low-cost financing for developing countries to support their transitions to low-carbon emissions, acknowledging their specific needs and circumstances.

As part of its commitment to addressing African concerns, the G20 Rio de Janeiro Leaders' Declaration highlights the [G20 Compact with Africa](#) and the G20 initiative to support industrialisation in Africa and least developed countries. The declaration further emphasises the G20's support for the AU in advancing trade and economic integration, as well as achieving the aspirations outlined in its Agenda 2063.

The use of roadmaps has been adopted to ensure that the commitments made during the G20 programme are implemented. The [2024 G20 Sustainable Finance Report](#) provides an overview of the most recent developments in the work of the Sustainable Finance Working Group and a progress report on the [G20 Sustainable Finance Roadmap](#). The three areas of work for 2024 were: (1) optimising the operations of the international environmental and climate funds to deliver sustainable finance; (2) advancing credible, robust and just transition plans; and (3) financing nature-based solutions.

During Brazil's G20 presidency in 2024, the [Task Force for Global Mobilization against Climate Change](#) was established to unite the Sherpa and Finance tracks, while advancing the integration of climate change into global financial, economic and development agendas. This was in line with Brazil's G20 priorities, which included sustainable development, energy transitions and climate action. The [Outcome Document](#) for this taskforce provides a point of reference for work that is to be taken forward in 2025 in the relevant working groups, although South Africa has elected not to extend the task force itself into its own G20 presidency.

[For background on climate finance commitments made at the G20 since its inception, see SAIIA's G20 Synthesis Review: *Climate, Sustainability, Energy and Climate Finance Commitments*.]

Sustainable Finance Working Group 2025

The Sustainable Finance Working Group, which falls within the Finance Track, is where the bulk of the G20 work on climate finance is carried out. The Sustainable Finance Working Group has been focusing on three priorities during 2025:

1. strengthening the global sustainable finance architecture;
2. scaling up financing for adaptation and just transitions; and
3. unlocking the financing potential of carbon markets.

These priorities are outlined in the [2025 Presidency and Co-chairs Note on Agenda Priorities](#). Table 1 provides an overview of the deliverables for these three priorities.

Table 1: 2025 Deliverables for the Sustainable Finance Working Group

Priority 1: Strengthening the global sustainable finance architecture
1. A compendium of successful co-financed projects, including a description of the project financed, the mechanism itself and lessons learnt.
2. A set of recommendations on how to scale up co-financing by vertical climate and environmental funds (VCEFs), multilateral development banks and national development banks, and mobilise funding from the private sector.
3. A short progress report on the implementation of the IHLEG review of the VCEFs, delivered under the G20 Brazilian presidency.
Priority 2: Scaling up financing for adaptation and just transitions
1. Recommendations on how financial institutions and corporates could incorporate adaptation and resilience considerations into their transition plans.
2. Analysis of insurance protection gaps and recommendations for governments, the private sector, and supervisors on how to address these gaps, particularly in the agriculture, infrastructure, and real estate sectors. This includes focusing on data availability and capacity gaps, especially in emerging markets and developing economies, and insights on how these outcomes may apply to other climate-related insurance protection gaps.
3. A compilation of case studies for adaptation finance across a range of financial instruments.
4. Analysis and recommendations on scaling up adaptation funding mechanisms, including by building on and expanding previous Sustainable Finance Working Group work on nature-based solutions.
Priority 3: Unlocking the financing potential of carbon markets
1. A Common Carbon Credit Data Model that will guide how standardised data attributes are defined, recorded, reported and incorporated into existing market infrastructures across jurisdictions.

Source: G20 South Africa 2025, "Sustainable Finance Working Group: 2025 Presidency and Co-Chairs Note on Agenda Priorities", accessed August 4, 2025, <https://g20sfwg.org/wp-content/uploads/2025/02/2025-G20-SFWG-Note-on-Agenda-Priorities-rev.pdf>

Opportunities for South Africa

To ensure a successful presidential term, there are several opportunities that South Africa can pursue to realise its stated priorities and deliverables, including within the Sustainable Finance Working Group. One of these is to introduce process enhancements, for example creating enhanced follow-up mechanisms to ensure that the Sustainable Finance Roadmap is being implemented. Given the voluntary nature of G20 documents, implementation is based on garnering consensus rather than a mandatory requirement. This requires a soft approach building on the willingness garnered through consensus-building. Sometimes the implementation that is required is outside of the scope of what country governments can achieve, such as the reforms that have been identified that will need to be

implemented by multilateral development banks. In such cases, countries must work with the relevant external stakeholders to advance that aspect of the work.

Ensuring that well-placed experts participate in working groups and taskforces is another way in which South Africa can ensure quality outcomes are realised. In his 2025 State of the Nation Address, President Cyril Ramaphosa announced that he will be sending a delegation of leaders to the capitals of various African countries and beyond to provide an overview of the G20 objectives that South Africa wants to achieve in 2025. Follow-ups after these visits will be important to ensure that those who would like to take a further step and get involved in G20 working groups and taskforces are supported to do so. It will also be important to ensure that relevant structures within the AU are engaged and representatives invited to participate in G20 processes. Another aspect of ensuring that the right experts are involved is to analyse where commitments require actions by stakeholders who do not participate directly in the G20. For example, dedicated engagements may be needed with respective credit ratings agencies to discuss how credit ratings play a role increasing the cost of capital for developing countries, which pay a much higher interest rate than developed countries.

South Africa's JETP saw a group of countries coming together to make tangible financial pledges to support a developing country to pursue a just energy transition towards a lower carbon future. Faced with national blackouts due to an electricity supply crisis, many South Africans welcomed the 2021 announcement of this substantial investment in the country. Three years later it is worthwhile drawing lessons from South Africa's experiences. These lessons about South Africa's country platform experiences could include an assessment of how the funds have been utilised, the quality of the finance and tracking finance flows.

During its year of hosting the G20, Brazil ensured that concrete outcomes were produced. South Africa committed to ensuring continuity and building on the successes that Brazil ensured. One of the areas where continuity can be ensured is the Global Coalition for Energy Planning (GCEP), established under the Brazilian G20 presidency in 2024. The inaugural GCEP Energy Planning Summit was held in Brazil in June 2025. Engagement in such forums gives South Africa a unique opportunity to input into its own G20 agenda and, in doing so, to emphasize South-South cooperation and position key proposals that G20 member states can coalesce around ahead of Brazil's hosting of COP30 in November 2025.

Former acting director-general of South Africa's National Treasury Ismail Momoniat is the co-lead of the Secretariat of the [Global Solidarity Levies Task Force](#) (GSLTF). The GSLTF was launched at COP28 in November 2023 with the purpose of generating levy options, particularly from polluting industries and sectors, which can be pursued to boost the amount of finance available for supporting climate and development actions. The GSLTF has developed and undertaken preliminary assessments of several options and is engaging in open consultation on these strawman options for solidarity levies. Thereafter, it will be seeking to work with specific governments that could trial and champion particular proposals for solidarity levies. At COP30, there will be a launch of the coalitions of the willing that have committed to implement a levy within the respective countries. Given that the G20 is focused on mobilising greater amounts of finance for climate actions and development, there is a potential opportunity to engage possible champion governments on the sidelines of G20 events.

While South Africa will not want to pre-empt decisions being made at COP30, the G20 provides an ideal platform for caucusing and supporting agreements that COP will negotiate to address climate finance challenges. This is because it has evolved from a gathering of finance ministers focusing on macro-economic issues into a broader platform for addressing global economic and environmental issues. South Africa and Brazil have a pre-existing working relationship and are in a good position to leverage this precedent of successful cooperation to coordinate on the alignment of the G20 pledges ahead of COP30.

At the end of 2025, the US will assume the presidency of the G20. The troika approach to hosting the G20 involves the host country working with the immediate past and future presidency of the G20 to ensure continuity. The Trump administration's approach to multilateral cooperation broadly, and on climate multilateralism in particular, has clear implications for the G20 climate agenda, including action on climate finance.

Already, Trump has once more withdrawn the US from the Paris Agreement and in his inaugural speech has indicated that, to bring down the cost of energy, the US's emphasis will be to 'drill baby, drill'. The knock-on effect on climate actions include that some commercial banks have walked back previous commitments to divest from fossil fuels. US positions under the Trump administration are impacting the US's attendance of G20 engagements hosted in South Africa. South Africa will need to determine how it manages these challenges diplomatically and what it means for the continuity of the G20 work that it hands forward to the US.

Conclusion

Hosting the G20 Summit for the first time in Africa gives South Africa a unique opportunity to shape international discussions in a manner that advances the aspirations of both developed and developing countries. The Sustainable Finance Working Group priorities for 2025 encapsulate the climate finance related aspirations for the year that South Africa is leading the G20. These are: strengthening the sustainable finance architecture, scaling up adaptation and just transition finance, and unlocking carbon market financing potential.

Opportunities identified for South Africa include strengthening follow-up on G20 commitments; ensuring the involvement of relevant experts, including from developing countries, in working groups; engaging relevant AU structures; and ensuring dedicated engagements with stakeholders who do not participate in G20 engagements but who are key to realising commitments. South Africa can also capitalise on Brazil's GCEP launch, emphasising South-South cooperation ahead of COP30. Coordination with Brazil can align G20 pledges with COP30 goals.

Author

Kirsten Pearson

Kirsten Pearson is a Climate Finance Researcher with the South African Institute of International Affairs' Climate and Natural Resources Programme. She holds a master's degree in Development Studies from the University of Cape Town. She was part of a team that developed a Budget Transparency Portal, which won a Public Sector Innovation Award. She is also the co-author of the best-selling book, Nuclear.

Acknowledgement

SALLA gratefully acknowledges the support of the Swedish Government for this publication. This publication was also supported by a grant from the African Climate Foundation (ACF) and carried out with the aid of a grant from the International Development Research Centre, Ottawa, Canada.

About SALLA

SALLA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

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Jan Smuts House, East Campus, University of the Witwatersrand
PO Box 31596, Braamfontein 2017, Johannesburg, South Africa
Tel +27 (0)11 339 2021 • Fax +27 (0)11 339 2154
saiia.org.za • info@saiia.org.za

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