

# The Narrative Shift in Climate Finance From “Duty” to “Opportunity” and the Emerging Counter-Correction

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# Why This Matters Now



Climate finance is the fault line of global climate governance



Multilateralism is in crisis



Emissions rising, impacts accelerating



1.5°C credibility eroding



Finance has become the central arena of power

# Core Thesis



## Analytical Caveats & Scope: what this analysis does - and does not - claim



Structural critique,  
not conspiracy



Institutions matter  
more than  
intentions



Agency exists, but  
under constraint



Law is evolving,  
not settled



This is political  
economy, not  
project finance

# UNFCCC from Kyoto to Paris: A Quiet Reframing

**Then  
(UNFCCC /  
Kyoto):**

Climate  
finance =  
*obligation*

Grants &  
public  
transfers

Historical  
responsibility

**Now (Post-  
Paris):**

Climate  
finance =  
*mobilization*

Loans, equity,  
blended  
finance

“Enabling  
markets”

# The “Billions to Trillions” Narrative



## Key claim:



Public finance is  
“mathematically  
insufficient”



## Effect:



Caps expectations  
for grants



Reframes justice  
claims as  
unrealistic



Normalizes private  
capital as  
indispensable

# De-Risking & Blended Finance

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## How it works:

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Public money absorbs risk so private capital can remain risk-averse.

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Private capital captures returns

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Debt remains sovereign

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## Outcome:

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Climate action becomes an asset class, not a public good

# Assetization of Nature

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**Reframing ecosystems as:**

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“Ecosystem services”

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Carbon sinks

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Tradeable credits

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**Consequence:**

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From reparations → “Africa as solutions provider”



# Why Developing Countries Accepted This

## Constraint, not Consent

- Climate disasters are immediate
- Grants failed to materialize
- Any finance appeared better than none
- COP texts subtly shifted language



# Article 9: The Leverage Trap

## Paris Agreement tension

- Article 9.1: “*Shall provide*”
- Article 9 (elsewhere): “*Mobilizing*”

## Result:

Loans & private finance counted as climate finance



# MDB Capture & Reform Rhetoric



**“Reforming the financial architecture”  
became:**



Making MDBs more market-like



Prioritizing leverage ratios



Crowding-in private capital



**Loss:**  
Grant-based developmental logic

# Case Study: JETPs

## What changed:

Grants → concessional loans

Coal phase-out framed as investment opportunity

## Outcome:

Debt increases, fiscal space shrinks

# The Toolkit of “Innovative Finance”

## Three dominant instruments:

- Debt-for-Nature Swaps
- Nature-Based Solutions
- Green Bonds & ESG

All promise “win-wins”, all deepen asymmetries





# Debt-for-Nature Swaps: The Reality

## Narrative:

Debt relief + conservation

## Reality:

- <0.1% of Africa's debt
- Third-party control
- Sovereignty erosion
- “Greening” illegitimate debt



# NbS & Green Bonds: The Deeper Logic

## **NbS:**

- Offsets instead of decarbonization
- Green grabbing
- Displacement of communities

## **Green Bonds:**

- Investor rewards
- Weak regulation
- Depoliticized climate action





# Synthesis: Green Conditionality

## Common DNA:

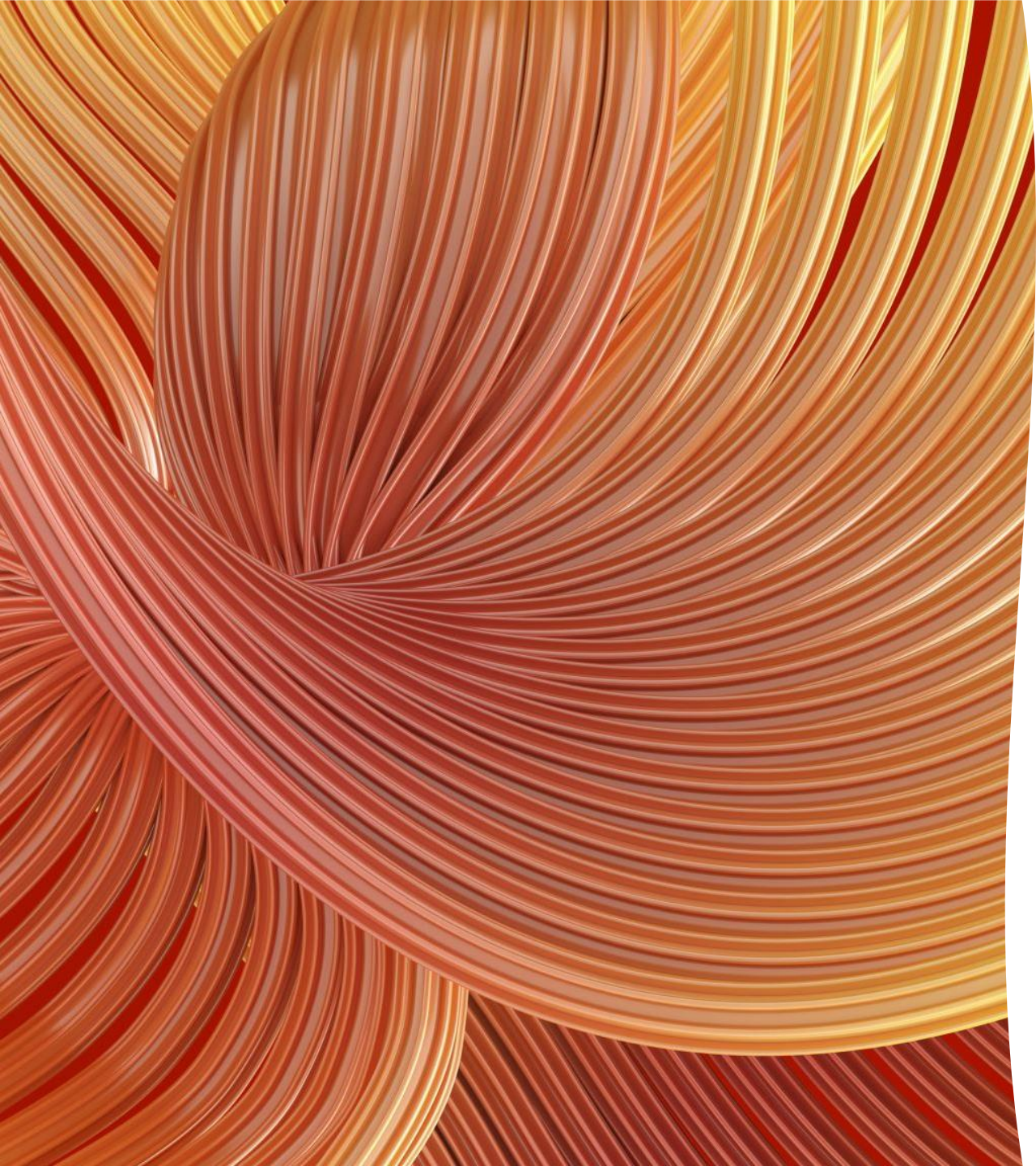
- Climate action must remain profitable
- Risk socialized, returns privatized
- Nature rendered investable

## Core question shifts from:

“What does the planet need?” TO -

“What can be made bankable?”





# The Counter-Narratives (2025–2026)

What's changing:

Debt justice coalitions

Borrower coordination

Rejection of swaps

Re-politicization of finance




# Ecological Debt & Legal Strategy



## **Key shift:**

- North as debtor
- South as creditor

## **Tools:**

- ICJ Advisory Opinion (2025)
  - Customary international law
  - Reparatory framing
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# **COP30: The Belém Tipping Point**

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**Belém Package signals a rupture**

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59 GGA Adaptation Indicators

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Community outcomes over ROI

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“Mutirão” - collective work

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Adaptation finance tripling (grants)

# Post- Belém Reality Check

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**Scorecards reveal the gap**

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60–70% of climate finance still  
loans

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For every \$5 received → \$7  
repaid

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Grants remain the exception

# The Emerging Champions

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**New norm-setters:**

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Grants-first pledges

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Transparency reforms

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Separation of grants, loans,  
mobilization

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**What unites them:**

Behavior, not power



## **Conclusion: The Narrative Correction**

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**What has changed:**

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“Investment-only” narrative exposed

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Quality of finance now contested

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Sovereign delivery re-asserted

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**The fight now is not about scale - but  
about justice, form, and power**