

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

How it works:

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

Private capital captures returns

Debt remains sovereign

Outcome:

Climate action becomes an asset class, not a public good

Assetization of Nature

Reframing ecosystems as:

“Ecosystem services”

Carbon sinks

Tradeable credits

Consequence:

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

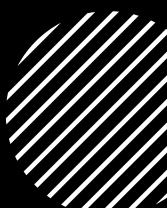
- Article 9.1: “*Shall provide*”
- Article 9 (elsewhere): “*Mobilizing*”

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

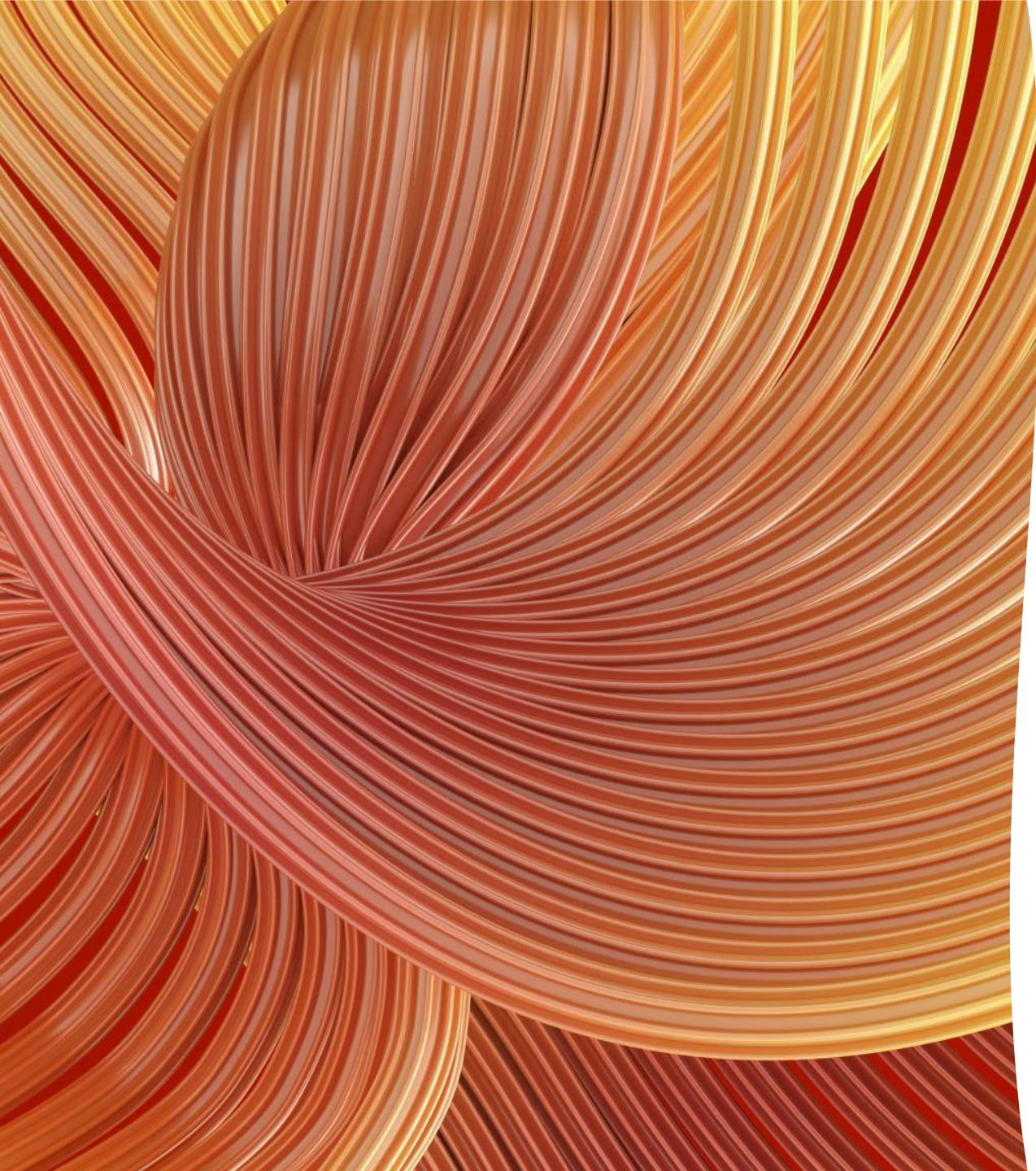
Common DNA:

- 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

COP30: The Belém Tipping Point

Belém Package signals a rupture

59 GGA Adaptation Indicators

Community outcomes over ROI

“Mutirão” - collective work

Adaptation finance tripling (grants)

Post- Belém Reality Check

Scorecards reveal the gap

60–70% of climate finance still loans

For every \$5 received → \$7 repaid

Grants remain the exception

The Emerging Champions

New norm-setters:

Grants-first pledges

Transparency reforms

Separation of grants, loans,
mobilization

What unites them:
Behavior, not power

Conclusion: The Narrative Correction

What has changed:

“Investment-only” narrative exposed

Quality of finance now contested

Sovereign delivery re-asserted

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