



Landscape of Climate Finance in Ethiopia

April 2026



CLIMATE
POLICY
INITIATIVE



AUTHORS

Matthew Hurworth, Varun Shankar, Keertana Anandraj, and Chavi Meattle

ACKNOWLEDGMENTS

The authors would like to acknowledge and thank FSD Ethiopia, FSD Africa, and UK International Development for commissioning and guiding the development of this paper. They would also like to acknowledge key contributions from the Climate Policy Initiative (CPI) team, including: Jose Diaz for database maintenance and data cleaning; Anna Balm, Varun Shankar, Kirsty Taylor, Sean Stout, Jana Stupperich, and Sibusiso Gwebityala for advice, editing, and internal review; Juliet Onyango, Ben Hufton, Flora Hamilton, and Isabella Frazier for project support; and Pauline Baudry, Elana Fortin, and Angela Woodall for layout and graphic design.

In addition, the authors would like to acknowledge the following organizations and ministries, active in climate finance and the area of focus for this study, for availing themselves for interviews, dialogue and interactions: Abas Mohammed (Ministry of Planning and Development), Tagay Hamza (Ministry of Energy and Water), Addis Negash (Ministry of Agriculture), Yizengaw Yitayih (Ministry of Transport), Nina Hissen and Yohannes Ameha (UK FCDO), Misganaw Melesse (UNDP/Ministry of Planning and Development), Gloria Namazzi and Muktar Ahmed (NDC Partnership), Ali Haider (Global Green Growth Institute), Atkilit Bekele and Lilanie Gudeta (Ethiopia Securities Exchange), Martha Bekel (DevTransform) and Eskedar Awgichew (Eco-Justice Ethiopia).

CONTACT

Matthew.hurworth@cpiglobal.org

Chavi.meattle@cpiglobal.org

ABOUT CLIMATE POLICY INITIATIVE

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has offices in Austria, Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.



DESCRIPTORS

SECTOR

Agriculture, forestry and other land use, cross-sectoral, energy, transport, water and wastewater, buildings and infrastructure, industry

REGION

Ethiopia, Sub-Saharan Africa

KEYWORDS

Climate finance; adaptation; mitigation; private finance; public finance; Ethiopia; Africa

RELATED CPI WORKS

[Landscape of Climate Finance in Ethiopia 2022](#)

[Landscape of Climate Finance in Africa 2024](#)

[Landscape of Climate Finance in South Africa 2025](#)

[Landscape of Climate Finance in Nigeria 2025](#)

[Global Landscape of Climate Finance 2025](#)

MEDIA CONTACT

Jana Stupperich (jana.stupperich@cpiglobal.org)

RECOMMENDED CITATION

CPI 2026. Landscape of Climate Finance in Ethiopia 2026. <https://www.climatepolicyinitiative.org/publication/landscape-of-climate-finance-in-ethiopia/>

EXECUTIVE SUMMARY

Macroeconomic reforms and escalating climate shocks are placing climate finance at the center of Ethiopia's development trajectory. The country contributes 0.4% of global emissions but faces high climate risks, particularly due to its reliance on rain-fed agriculture and hydropower. At the same time, high inflation, foreign-exchange shortages, rising debt service obligations, and a recent sovereign default have constrained fiscal space and raised the cost of capital. Ethiopia must therefore rapidly scale up climate investment in line with its Nationally Determined Contribution (NDC 3.0), while navigating macroeconomic constraints and the declining predictability of international concessional and donor finance.

Ethiopia's climate policy framework is increasingly investment-oriented, moving from ambition to action. Building on the Climate Resilient Green Economy (CRGE) Strategy (2011) and earlier NDCs, the country's NDC 3.0 (2025–2035) shifts from high-level ambition toward defined sectoral pathways and financing needs. Parallel reforms signaling growing institutional readiness include greening the financial sector under the National Bank of Ethiopia, developing a national green taxonomy, capital market reforms linked to the Ethiopian Securities Exchange, and emerging carbon market frameworks. However, coordination challenges, fragmented mandates, and limited project preparation capacity continue to constrain delivery.

Tracking how climate finance is mobilized and deployed is critical to inform policy decisions, guiding development partner strategies, and identify opportunities to crowd in domestic and private capital. This second iteration of the Landscape of Climate Finance in Ethiopia provides an updated baseline of project-level climate finance commitments for 2019 to 2023, with a focus on the biennial average for 2022 and 2023. It tracks flows across mitigation, adaptation, and dual-benefit activities, mapping finance from domestic and international sources, through public and private actors, to instruments and end-use sectors.

This assessment draws on publicly available and proprietary datasets compiled on a best-effort basis. Data gaps remain material, especially for domestic public spending, given the absence of systematized climate budget tagging, and for certain private sector investments that are not consistently disclosed. As a result, some flows, particularly domestic public spending and difficult-to-track private investments, are likely underestimated.

LANDSCAPE OF CLIMATE FINANCE IN ETHIOPIA, 2022-2023

USD billion

2.36 BILLION USD ANNUAL AVERAGE



ORIGIN

What is the domestic/international split?

SOURCES

Which types of organizations are sources or intermediaries of capital for climate finance?

INSTRUMENTS

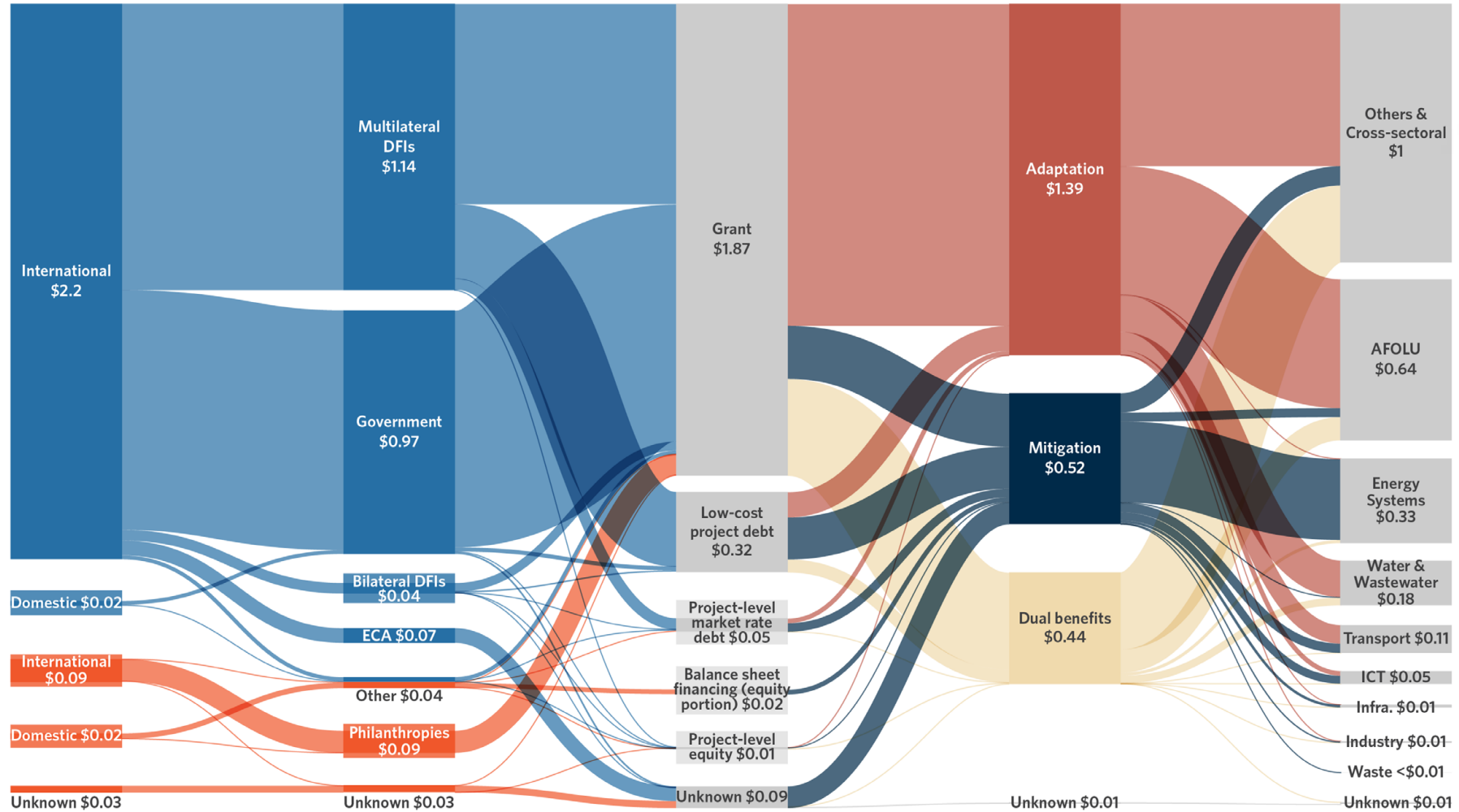
What mix of financial instruments is used?

USES

What types of climate objective are financed?

SECTORS

What is the finance used for?



PRIVATE "Other" public sources include Multilateral Climate Funds, State-Owned FIs, SOEs.
PUBLIC "Other" private sources include Households/Individuals, Commercial FIs, Corporations, Funds.

ECA: Export Credit Agencies

AFOLU: Agriculture, Forestry, Other land uses and Fisheries
 ICT: Information and Communications Technology
 Infra: Buildings & Infrastructure

KEY FINDINGS

- Ethiopia's climate finance has gradually increased but must rise by at least fourfold to meet identified needs.** Tracked flows averaged USD 2.3 billion annually in 2022/23, equivalent to approximately 1.7% of GDP. This is an 11% increase from the annual average of USD 2.1 billion in 2020/21 but still well below the estimated USD 10.6 billion annual requirement under the NDC 3.0 (2025–2035).
- Ethiopia's heavy reliance on international public sources exposes its climate agenda to the constraints of external concessional finance.** In 2022/23, 93% of tracked flows originated from international public sources. Public actors committed approximately USD 2.2 billion annually, primarily through grants (80%) and concessional debt (14%). Multilateral development finance institutions and donor governments were the largest providers. This concentration underscores the urgency of mobilizing broader and more sustainable domestic and private funding sources.
- Ethiopia's shallow capital markets and regulatory uncertainty have limited private climate finance.** Private actors contributed USD 113 million annually in 2022/23, representing less than 5% of total flows. This is insufficient to signal a functioning market or provide any buffer against public finance volatility. Private flows were concentrated in agriculture, forestry, and other land use (AFOLU) and small-scale energy activities. Investments were influenced by guarantee-backed transactions and philanthropic grants. Macroeconomic risk, currency constraints, shallow capital markets, and regulatory uncertainty continue to deter private participation at scale.
- Adaptation finance accounts for the majority of Ethiopia's climate flows, reflecting the country's high vulnerability to drought, hydrological variability, and disaster risk.** Adaptation represented 59% of tracked climate finance in 2022/23 (USD 1.4 billion annually), a slight rise from 56% in 2019/20. This finance was overwhelmingly grant-based (92%) and internationally sourced. While they exceed mitigation in volume, adaptation flows remain far below the estimated USD 4 billion annual need.
- Mitigation finance remains insufficient relative to emissions structure and targets and costed needs.** These flows averaged approximately USD 500 million annually, compared to the estimated USD 6.6 billion requirement under NDC 3.0. Finance was concentrated in the energy sector and largely concessional in nature. Mitigation flows declined relative to 2020/21 due to project cycle effects. The AFOLU sector, a large source of emissions, received a small share of mitigation finance, highlighting a structural imbalance between emissions sources and investment patterns.
- Cross-sectoral and resilience-oriented programs feature prominently across both mitigation and adaptation.** In 2022/23, adaptation investment averaged USD 644 million, mitigation investment USD 77 million, and dual-benefit projects received USD 306 million. These flows targeted initiatives such as disaster-risk management, food security, institutional capacity building, and policy support. This reflects Ethiopia's integrated CRGE vision and climate-development nexus and requires strong coordination, monitoring, and financial management systems.
- Institutional reform momentum is building, but delivery constraints persist.** Ethiopia has implemented several climate-related reforms, including fuel subsidy reform, electric mobility incentives, financial sector greening initiatives, carbon market readiness efforts, and capital

market development. These reforms can help to mobilize domestic and private capital. Yet fragmented governance structures, limited project preparation capacity, incomplete climate finance tracking systems, and constrained fiscal space continue to limit the scale and predictability of flows.

RECOMMENDATIONS

Strengthening governance, institutional capacity, and monitoring systems can help align climate finance mandates, build investable pipelines, and improve investor confidence. Strategic use of concessional finance, supportive regulation, and appropriate financial instruments can help mobilize private capital over time. This report highlights six priority actions for scaling Ethiopia's climate finance:

1. **Strengthen climate finance governance to accelerate implementation.** Enhance the role of the Climate Resilient Green Economy (CRGE) strategy as an inter-ministerial coordination mechanism with clear mandates and decision rights. This should link NDC planning to budget allocation, including climate budget tagging, and be aligned with public financial management processes. TCRGE efforts can serve as a central platform for screening and prioritizing NDC-aligned projects, coordinating technical assistance, and structuring blended finance/PPP transactions.
2. **Build capacity for project preparation as well as institutional and subnational delivery to convert policy ambition into implementable pipelines.** Improve technical capacity for feasibility studies, financial structuring, safeguards, risk allocation, and results-based planning across line ministries and subnational institutions, and establish standardized project preparation tools and targeted support for high-priority sectors, particularly AFOLU.
3. **Strengthen climate finance tracking, transparency, and data credibility.** Climate budget tagging could be extended to regional and local levels, as well as to climate-aligned sectors such as energy, AFOLU, transport, water and wastewater, buildings and infrastructure and industry. Embedding tagging in budget execution and reporting can reconcile climate-relevant expenditures with actual spending and outputs.
4. **Optimize scarce public resources through catalytic de-risking and innovative fiscal instruments.** Ethiopia must meet its NDC3.0 USD 2.4 billion annual domestic public finance target amid fiscal constraints, including rising debt servicing (13% of revenue), declining tax-to-GDP ratio (7.5%), and volatile donor finance. The country can strategically use its CRGE Facility and national funds to provide guarantees or first-loss capital to crowd in private flows. Aggregation mechanisms (SPVs, Platform-based structures, financial intermediary aggregation) can also help accelerate a shift from small, planning-oriented grants to scalable investments. Debt-for-climate swaps may be another viable source.
5. **Unlock international and institutional capital through stronger enabling frameworks and domestic markets.** High country risk, regulatory gaps, and weak monitoring limit private investment. Momentum is building through initiatives such as Ethiopia's National Carbon Market Strategy, the establishment of the Ethiopian Securities Exchange, and the NBE's Greening Financial Systems program. Next steps could include frameworks and regulations for carbon markets, green bonds, and other climate-aligned instruments to reduce uncertainty, enable transactions, and scale local-currency finance. Carbon markets offer a

near-term opportunity to mobilize private capital, given the country's land restoration and reforestation programs.

- 6. Scale finance for sectors that are hard to abate or prioritized under the NDC 3.0.** The limited climate finance flowing to industry represents a missed opportunity, given the sector's importance in shaping Ethiopia's long-term emissions trajectory and development ambition. Costed pipelines for carbon-intensive sectors, blended finance, and technical assistance for project preparation, standards, and technology deployment can help direct more capital to NDC 3.0 mitigation priorities, including industrial energy efficiency, fuel switching, and low-carbon technologies.

TABLE OF CONTENTS

Executive summary	iv
1. Introduction	1
1.1 Report objectives and structure	3
2. Methodology	5
3. Climate policy landscape	7
3.1 National climate strategies and frameworks	7
3.2 Institutional architecture and coordination	9
4. Climate finance needs	11
5. Landscape of climate finance in Ethiopia	13
5.1 Overall climate finance	13
5.2 Sources and actors	14
5.3 Uses and sectors	20
6. Opportunities to scale climate finance	38
7. Conclusion	43
8. Annex	44
Annex 1	44
Annex 2	45
9. References	47

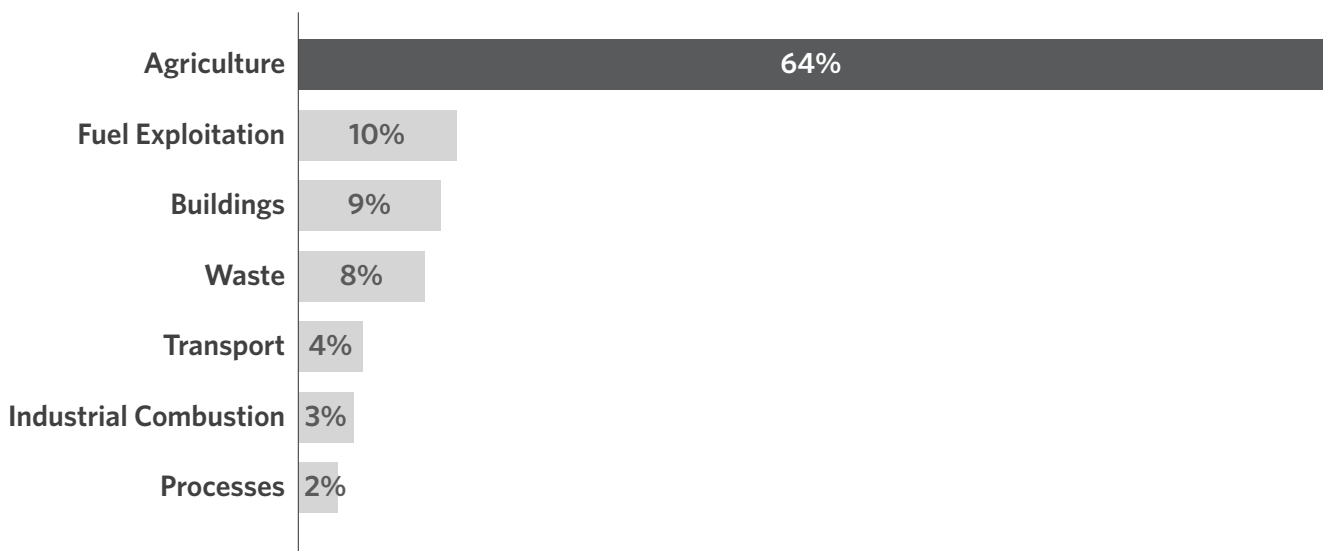
1. INTRODUCTION

A high-growth economy on the frontline of the climate crisis, Ethiopia's growth and economic reform momentum contrast with extreme climate vulnerability and financing constraints. Turning climate ambition into investable action is central to the country's development.

Ethiopia is a nation of scale and ambition amid economic headwinds. The nation is Africa's second-most populous country and one of the continent's fastest-growing economies, with a compounded annual growth rate (CAGR) of over 7% since 2023 (*Ethiopia Economic Outlook, 2024*). However, the country faces macroeconomic and development challenges, including persistently high inflation of over 30%. Ethiopia's default on a USD 1 billion Eurobond in December 2023 hinders domestic and international investment (US Department of State, 2024) and the economy continues to grapple with linked fiscal and current account deficits. Evidence shows that persistent government overspending is associated with a widening current account deficit over time, increasing pressure on public finances and foreign-exchange reserves (IMF, 2011).

However, ongoing economic reforms, including debt management, can address these challenges and provide an opportunity to mainstream low-carbon, resilient development (Linge, 2025). These reforms are unfolding alongside a projected economic expansion, with expected GDP growth of 6.7% in 2024-25 (African Development Bank, 2024) and 7.1% in 2026 (IMF, 2024).

Ethiopia is highly climate-vulnerable, but is moving decisively from planning to implementation on climate action. Ethiopia contributes 0.4% of global emissions but is one of the most climate-vulnerable least developed countries (LDCs) (Ritchie, Roser, and Rosado, 2020). Ethiopia relies heavily on hydropower for electricity generation, while agriculture remains both the largest source of GHG emissions (see Figure 1), accounting for 64% of the total (European Commission Joint Research Centre, 2025), and the primary livelihood for over 80% of the population, much of it rain-fed (FAO, 2025). Climate change is already exacerbating economic challenges and threatening the livelihoods of its people. Annual climate-related economic losses are estimated at 1-1.5% of GDP, with projections rising to around 5% by 2040, driven by severe droughts, floods, and infrastructure damage (World Bank, 2025a). An estimated 5 million people are exposed to drought and 0.25 million to flood events in the country each year (World Bank, 2025a). Recognizing the economic costs of inaction, Ethiopia has embedded climate resilience at the heart of its development agenda. Ethiopia will hold the COP32 presidency—a demonstration of its commitment to effective climate action.

Figure 1: Percentage of total GHG emissions per sector, 2023

Note: The Power Industry makes up less than 1% of total emissions.

International public finance, long the backbone of climate flows in Ethiopia, has become less predictable. Pauses and reductions in bilateral assistance, including the global suspension of USAID programs, have affected the pipeline of deliverable projects and implementation capacity. Additionally, recent conflict and security challenges have likely influenced the composition and pace of climate finance. Instability can delay project implementation, increase risk premiums, constrain private sector participation, and redirect public expenditure toward humanitarian and reconstruction priorities. Domestic private capital markets are nascent, and institutional investors are not yet mobilized at scale. Banking sector and pension fund reforms, along with the planned Ethiopian Securities Exchange and green bond markets, offer potential but are still emerging. Moreover, while institutional roles are formally coordinated across government entities and international initiatives, development partners are still fragmented. These fragmented platforms, weak climate budget tagging, and limited in-country project preparation capacity hinder the mobilization of climate investment.

Early institutional innovations signal momentum, but turning ambition into action requires systemic follow-through. Encouraging efforts, including the National Bank of Ethiopia's Greening the Financial Systems Program (IKI, 2025) and the government's emerging carbon market framework, reflect Ethiopia's determination to build a future-ready climate finance architecture. The challenge ahead is ensuring that these promising developments are not hindered by macroeconomic headwinds or institutional bottlenecks. Ethiopia's sustainable development trajectory over the next decade will hinge on its ability to translate policy ambition into scaled, predictable flows of public, private, and blended climate finance capable of accelerating low-emission, climate-resilient growth.

Ethiopia's climate policy framework has shifted from strategy-setting to a focus on implementation and investment embedded in its economic reform agenda. Building on foundations such as the Climate Resilient Green Economy (CRGE) Strategy (2011-2025) and Africa's first Nationally Determined Contribution (NDC), recent developments, including the NDC 3.0, clarify sectoral priorities, financing needs, and delivery mechanisms. While coordination and data gaps persist, particularly at the subnational level, institutional and financial

sector reforms are strengthening the conditions for scaling climate investment, especially in land use, transport, and climate-resilient infrastructure.

Table 1: Macroeconomic and climate indicators for Ethiopia

Indicator	Value
Population	126.5 million (2023)
GDP (USD)	127 billion (World Bank, 2022)
Credit Rating	RD (Restricted Default)
Electricity Access	55.4% (World Bank, 2023)
Clean Cooking Access	10% (2024) (NDC Partnership, 2025)
Total GHG Emissions (2020-2023)	273.5 MtCO ₂ e (The Federal Democratic Republic of Ethiopia, 2025)

1.1 REPORT OBJECTIVES AND STRUCTURE

This climate finance landscape report tracks Ethiopia's mitigation and adaptation financing from source to end use for the period of 2019 to 2023, with a focus on the biennial average for 2022/23. This follows CPI's first climate finance landscape in [Ethiopia](#) in 2022, a regional [Africa report published in 2024](#), and other deep dives into [Burkina Faso](#), [Nigeria](#), and [South Africa](#). Together with an additional landscape of climate finance in Zambia this year, this work aims to provide deeper insight into the unique climate finance contexts of diverse African countries to inform decision-makers and spur ambition and action. By drawing on a consistent methodology across these reports, this analysis allows Ethiopia's climate finance flows, gaps, and enabling conditions to be benchmarked against regional peers in Africa and against broader emerging-market and developing-economy comparators.

The report presents a stocktake of recent developments in climate change policies and plans in Ethiopia, before unpacking climate finance committed to and within the country, mapping flows along their lifecycle from (public and private) sources and intermediaries, the financial instruments used to channel funds (grants, debt, and equity), through to how finance is ultimately deployed on the ground (for mitigation, adaptation, or both). These finance flows are presented in the context of the climate policy landscape and the investment needs identified in Ethiopia's NDC 3.0. The report aims to provide new baseline data on climate finance flows, highlight bottlenecks and enablers, and inform strategies to scale investment aligned with Ethiopia's climate goals.

The objectives of this analysis are to:

1. **Establish** a quantitative baseline of project-level climate finance commitments in Ethiopia, mapping flows by source, actor, instrument, and sector.
2. **Identify** where climate finance flows fall short of national mitigation and adaptation needs, and assess which sources, actors, instruments, and sectors present the most significant gaps.

3. **Explore** opportunities and enabling conditions that could increase climate finance flows, drawing on the gap analysis to prioritize where intervention would have the greatest impact.
4. **Summarize** the state of play and financing trends to inform the priority areas in Ethiopia's climate policy landscape and the institutional reforms needed to enable effective coordination across climate initiatives.

The rest of the report is structured into the following sections:

- Section 2: Methodology applied in the report
- Section 3: Ethiopia's climate policy landscape
- Section 4: Climate finance needs
- Section 5: Landscape of climate finance in Ethiopia
- Section 6: Opportunities to scale climate finance
- Section 7: Conclusion

2. METHODOLOGY

This report analyzes Ethiopia's climate investments up to 2023, the latest year for which sufficient data are available, to align with CPI's robust climate finance tracking framework (see Annex A1) and taxonomy, which classify investments by sector and activity. Data was sourced primarily from CPI's Global Landscape repository (see Annex A2), drawing on datasets and providers including Bloomberg New Energy Finance (BNEF), IJGlobal, OECD data, CPI surveys of multilateral, bilateral, and national development finance institutions (DFIs), and climate fund reporting, among others. Additional datasets used in the Africa Landscape (CPI 2024) were also incorporated to strengthen coverage across sectors and instruments.

Despite drawing on a wide range of datasets, this analysis is subject to gaps in the availability, quality, and consistency of investment data due to uneven reporting by financial institutions and limited visibility into domestic budget and expenditure flows. As a result, some flows, especially public spending, are likely underestimated.

While methodologies and data coverage have improved, key gaps remain:

- **Time lag:** Sources of data utilized for the study, such as OECD, providing donor-reported climate tagging, are typically available only after a two-year reporting lag. As this project commenced in 2025, it analyzes data up to 2023. However, efforts were made to incorporate and discuss the most recent project information and trends available to maintain the analysis's relevance.
- **Commitments versus disbursements:** This report only tracks commitments. Data on climate finance commitments remains more accurate and available, allowing it to be processed and analyzed into a consolidated view of climate finance flows into the country. By contrast, disbursement data is often limited and inconsistent, making it less reliable for a comprehensive analysis.
- **National budgets:** Climate-related public spending is not systematically tracked at the national level. Therefore, public domestic budget data was not incorporated (see Section 5.2.1 for more details).
- **Hard-to-abate sectors:** Investments in energy-intensive industries, such as mining, heavy transport like shipping, aviation, and supply-chain transitions, are poorly captured, despite their vulnerability to climate risks and critical role in resilient supply chains.

- **Institutional investors and domestic commercial banks:** Data on climate-related lending and investment portfolios remains limited, reflecting low disclosure requirements and the absence of standardized green finance reporting frameworks in the domestic financial sector.
- **South-South flows:** Climate-tagged data from non-OECD countries (like China) is not systematically captured, as these providers are not required to report to OECD DAC or similar frameworks, creating significant blind spots despite their substantial role in Ethiopia's development finance landscape.
- **Risk-mitigation instruments (i.e., guarantees and insurance):** Partial or inconsistent reporting across insurers, DFIs, and private intermediaries leads to underrepresentation of de-risking instruments such as credit guarantees, index-based insurance, agricultural schemes, and catastrophe bonds, even though these mechanisms play an important role in mobilizing private capital and improving climate resilience.

Hence, a more comprehensive and institutionalized climate finance landscape process within Ethiopia is needed to strengthen national ownership, improve data consistency, and ensure future analyses capture the full spectrum of climate-related investments.

3. CLIMATE POLICY LANDSCAPE

Ethiopia's climate policy has evolved from strategy-setting to implementation-oriented, multisector governance. The country's climate policy framework is anchored in long-term strategies, updated NDCs, and institutional reforms.

While Ethiopia is moving toward an implementation-oriented policy framework with deeper integration of climate action in its economic reform agenda, fragmented governance structures, limited project preparation capacity, nascent climate finance tracking systems, and constrained fiscal space continue to limit the scale and predictability of flows.

3.1 NATIONAL CLIMATE STRATEGIES AND FRAMEWORKS

Ethiopia has developed its climate-related policy architecture over more than a decade, now emphasizing actionable sectoral pathways and investment-ready implementation. Ethiopia established the CRGE forum in 2012 and CRGE Facility and Fund in 2013), forming the backbone of its climate governance and embedding mitigation and adaptation across economic sectors. Building on this foundation, Ethiopia became the first African nation to submit its Intended NDC in 2015, followed by its NDC in 2017. Ethiopia has updated this twice, most recently with its NDC 3.0 (2025-2035).

The NDC 3.0 pivots to practical, investment-oriented sectoral climate action, especially in land use, transport, and adaptation sectors where climate pressures are most acute. Earlier iterations prioritized sectoral ambition and broad mitigation pathways with limited clarity on sequencing, financing modalities, or implementation responsibilities. The NDC 3.0 also clearly differentiates between conditional and unconditional actions, strengthens links to national development and economic reform agendas, and signals priority areas for public and private investment. It also articulates information around four additional standalone sectors including transport, industry, buildings/urban systems and waste.

Ethiopia's policy trajectory is centered on clearly defined sectoral priorities. The government emphasizes land use and forestry, focusing on sustainable land management and restoration; transport, where low-carbon mobility and urban systems are gaining attention; and adaptation sectors such as water management and climate-resilient infrastructure. These areas represent the most climate-exposed parts of the economy and also offer the most investment-ready opportunities, signaling a shift toward a targeted and actionable climate response agenda. This investment orientation is reinforced by Ethiopia's Integrated National Financing Framework (2020-2030), and the forthcoming Integrated Sustainable Financing Strategy (ISFS), through its Integrated National Financing Framework (INFF), which supports Ethiopia's Ten-Year Development Plan, running until 2030 (INFF, 2025). More recently, Ethiopia's Carbon Market

Strategy (MoPD, 2025) aims to generate new revenue streams for climate action. The government aims to align climate priorities with broader development financing and translate sectoral plans and policies into a structured pipeline of investment-ready projects, supported by appropriate financing instruments and risk-mitigation mechanisms.

Figure 2: Ethiopia's climate policy development timeline

2011	Climate-Resilient Green Economy Strategy Established core green-growth framework and climate-finance architecture, anchoring NDCs, sector strategies, and blended finance mobilization		
2015	Intended NDC & Climate Resilience Strategy Set an early high-ambition mitigation target and positioned agriculture and forestry as central to climate strategy		
2016	Growth and Transformation Plan II Mainstreamed climate objectives into national development planning, linking CRGE priorities with infrastructure, agriculture, and renewable-energy investment		
2019	National Adaptation Plan Introduced first costed, cross-sectoral adaptation framework, strengthening disaster risk management and long-term climate resilience planning		
2020	Homegrown Economic Reform Agenda Aligned macroeconomic and private sector reforms with climate objectives		
2021	Updated NDC Raised mitigation ambition and formally integrated adaptation, green growth, and carbon finance into climate commitments	Ten-Year Development Plan Embedded climate action within national growth and investment priorities	
2023	Long-Term Low Emission and Climate-Resilient Development Strategy Outlines pathway to net zero by 2050 and introduces carbon pricing, green bonds, and debt-for-nature swaps		
2024	Climate-Smart Agriculture Investment Plan Translated adaptation and mitigation priorities in agriculture into an investment pipeline, aiming to mobilize USD 2bn by 2030	CIF Nature, People & Climate Program Scaled multilateral financing for land restoration, forest governance, and rural livelihoods through coordinated CIF, AfDB, and GCF support	National Sustainable Energy Development Strategy Provided a medium-term roadmap for expanding renewable energy and aligning power-sector investments with climate targets
2025	NDC 3.0 Deepened ambition to a 70.3% emissions reduction by 2035, with stronger emphasis on domestic finance, governance reform, and carbon markets	National E-Mobility Strategy & Implementation Plan Launched a policy framework to accelerate electric mobility adoption, aligning transport decarbonization with industrial and energy-transition objectives	Carbon Market Strategy (2025-2035) Explores the use of carbon markets to finance renewable energy, clean transport and other initiatives to strengthen Ethiopia's access to high-integrity international and domestic carbon markets by generating high-quality carbon credits, attract private sector investment, and establish equitable benefit-sharing mechanisms
	National Green Taxonomy & Climate Risk Disclosure Framework Advanced financial-sector reforms to classify green activities and integrate climate risk into banking supervision		

Work is also underway to strengthen capital markets. The Ethiopian Capital Markets Authority (ECMA) has commissioned studies on capital market sizing, sustainable finance instruments, and municipal bond issuance. Analysis suggests that Ethiopia's capital market could finance long-term investment needs, supported by a large institutional investor base including pension funds, insurers, and banks, but is constrained by limited product diversity and underdeveloped

market infrastructure (Gebrewolde and Abegaz, 2024). Green, social, and sustainability bonds could also support Ethiopia's climate priorities if key gaps in regulatory frameworks, taxonomy development, pipeline readiness, and verification systems are addressed (Genesis Analytics, 2025b). Subnational borrowing could also finance urban and infrastructure investments, but faces near-term constraints of legal ambiguity, limited creditworthiness of municipalities, and the absence of a liquid secondary bond market (Genesis Analytics, 2025a). The ECMA studies point to a growing investor base and policy momentum, but also to a need for stronger regulations, market infrastructure, and bankable pipelines to unlock the potential of Ethiopia's capital markets.

Gender considerations are increasingly reflected in Ethiopian climate policy. The CRGE Strategy and its accompanying Gender Mainstreaming Strategy (Federal Democratic Republic of Ethiopia, 2020) recognize that climate impacts and adaptive capacity differ across social groups, emphasizing the importance of integrating gender equality into climate planning and action. Ethiopia's National Adaptation Plan (NAP-ETH) highlights the differentiated climate vulnerabilities faced by women, particularly in rural areas where livelihoods depend on climate-sensitive sectors such as agriculture and water resources (FDRE, 2019). Ethiopia's NDC 3.0 also recognizes gender equality and social inclusion as cross-cutting considerations in climate action, emphasizing inclusive participation in climate decision-making and equitable access to climate finance and technologies (The FDRE, 2025b). These policy frameworks reflect growing recognition that gender-responsive approaches support inclusive climate-resilient development.

3.2 INSTITUTIONAL ARCHITECTURE AND COORDINATION

A more mature institutional ecosystem is emerging, but coordination gaps hinder scaled implementation. Ethiopia's climate governance spans the Ministry of Planning and Development (MoPD), the Ministry of Finance (MoF), the Environmental Protection Agency (EPA), sectoral line ministries (including agriculture, water and energy, and transport and logistics), and subnational structures. The CRGE Forum is the central coordination and financing mechanism for climate action, bringing together government institutions, development partners, and other stakeholders to align climate finance with national development priorities. The facility supports the integration of climate considerations across planning, budgeting, and implementation processes, enabling climate objectives to be embedded in broader economic and development strategies. This approach embeds climate functions within the MoPD,¹ treating climate policy as a core component of macroeconomic planning and development strategy rather than a standalone environmental agenda. However, coordination challenges persist. The Development Partners Group, UN-led frameworks (UNFCCC/UNDP), bilateral agreements, and line ministries have overlapping mandates and inconsistent engagement structures. Data gaps in climate investment are also significant, particularly at the subnational level, where CRGE-related data collection and monitoring are incomplete and inconsistent, hindering evidence-based decision-making.

Institutional strengthening has been accompanied by financial sector reforms. The National Bank of Ethiopia (NBE) launched the Greening Financial Systems Program in 2025 (see Box 1).

¹ The MoPD is also an accredited entity of the Green Climate Fund (GCF), giving it the potential to access GCF funding.

Parallel initiatives supported by the World Bank, UNDP, and FCDO are helping the government design carbon market readiness frameworks, green bond pilots, and blended finance facilities.

Box 1. Initiatives aligning the financial sector with climate outcomes

European Investment Bank and IKI Greening Financial System Program (GFS) (*European Investment Bank, 2025*). The GFS program is spearheaded by the NBE and partner institutions, including the EIB and the German International Climate Initiative (IKI). The program commenced in 2022 and runs until 2030 (IKI, 2025), and is supporting the NBE to:

- Integrate climate-related financial risks into its supervisory and regulatory frameworks.
- Enhance climate risk management capabilities across the financial sector.
- Develop a climate risk disclosure and reporting framework aligned with international best practices.
- Strengthen institutional capacity through tailored training programs and technical support.
- Coordinate the development of a National Green Taxonomy to guide financial institutions and investors on what constitutes environmentally sustainable economic activities.

GGGI Enhancing Access to Climate Finance for Ethiopia (GGGI, 2025): The project is running from 2023-2027 to enable Ethiopia to mobilize and manage increasing international climate finance. The project has four objectives:

- Enhancing the capacity of the CRGE Forum and other relevant actors to develop bankable project proposals and secure multi-year financing aligned with Ethiopia's long-term climate ambitions.
- Supporting the rollout of climate and disaster budget tagging and tracking to enhance the transparency and quality of climate finance measurement, reporting, and verification.
- Supporting the upgrade of the MoPD's accreditation to the GCF to the USD 250 million funding tier.
- Supporting Ethiopia in establishing a governance and coordination structure for Paris Agreement Article 6 to enable full engagement in international carbon markets.

4. CLIMATE FINANCE NEEDS

Ethiopia's NDC 3.0 estimates total implementation costs of USD 106.35 billion for 2025–35 (USD 10.6 billion annually).

This comprises USD 66.35 billion for mitigation and USD 40.0 billion for adaptation—a substantial downward revision from the updated NDC in 2021, which estimated a USD 316 billion need for 2020–30 (USD 275.5 billion for mitigation and USD 40.5 billion for adaptation). This reduction reflects methodological refinement rather than diminished ambition. The NDC 3.0 recalibrates mitigation and adaptation estimates using updated baseline projections and modeling, while prioritizing a more focused set of catalytic and investment-ready interventions aligned with national development frameworks. This process also consolidates overlapping measures and more clearly distinguishes climate-specific actions from broader development activities.

The NDC 3.0 commits to a 70.3% conditional reduction in GHG emissions by 2030, covering sectors including agriculture, forestry, urban infrastructure, housing, energy and water, transport, industry, mining, education, and health. Land use, land-use change, and forestry (LULUCF) is identified as having the largest mitigation potential, driven by large-scale restoration and reforestation commitments. Cross-cutting domains such as equity, social inclusion, and loss and damage are treated as affecting multiple areas rather than discrete sectors.

Headline investment needs across Ethiopia's major national planning documents are shown in Table 2. They reflect different timeframes, sectoral coverage, and methodological approaches and should be interpreted as indicative estimates to support climate finance gap assessments, serving as proxies for market size and investment potential rather than precise valuations. While this report does not seek to verify or refine these estimates, it highlights the need for more granular and high-quality data at the sector and subsector levels to inform effective financing roadmaps and strategies. The NDC 3.0 implementation and investment plan, which is currently under development, will provide a more detailed view of sectoral investment needs to achieve NDC objectives.

Table 2: Investment needs estimates to achieve Ethiopia's NDC and low-emission development objectives

Document	Period covered	Scope	Headline finance needs estimate (USD billion)	Notes
NDC 3.0 (2025)	2025 - 2035	Integrated mitigation + adaptation (aligned with LT-LEDS)	USD 106.35 bn (USD 66.35 bn for mitigation and USD 40 bn for adaptation)	Macroeconomic "Green Economy Model" (GEM) integrating growth, GHG, and investment. Emphasizes catalytic, finance-ready interventions; eliminates overlaps from 2021 costing. Included sectors: Agriculture & livestock, Forestry, Energy, Transport, Industry, Waste, Water, and Urban
Updated NDC 2.0 (2021)	2020 - 2030	Full economy-wide mitigation + adaptation (conditional + unconditional)	USD 316 bn (USD 275.5 bn mitigation and USD 40.5 bn for adaptation)	Bottom-up sectoral aggregation by ministries; project-level costing in nominal USD; summed nationally. Included sectors: Agriculture, Forestry, Energy, Transport, Industry, Waste, Water & irrigation, Health, urban, and infrastructure
Long-term-Low Emission Development Strategy (LT-LEDS) (2023)	To 2050	Long-term mitigation pathways: adaptation discussed qualitatively only	USD 150 bn (range USD 138-272 bn)	Various bottom-up sector-specific models, Ethiopia's GEM model. Costs expressed as PV; grounded in NDC 2.0 mitigation pathways. Included sectors: Energy, Transport, Industry, Agriculture & Forestry, Waste
World Bank Country Climate Development Report (CCDR) (2025)	To 2050	Resilience transitions (agriculture, infrastructure, water)	USD 27.6 bn (priority investment package for resilience, not the entire climate bill)	Diagnostic investment scenario modeling incremental needs for resilient growth. Illustrative, not comprehensive. Included sectors: Agriculture, Water, Infrastructure/urban, and Energy

5. LANDSCAPE OF CLIMATE FINANCE IN ETHIOPIA

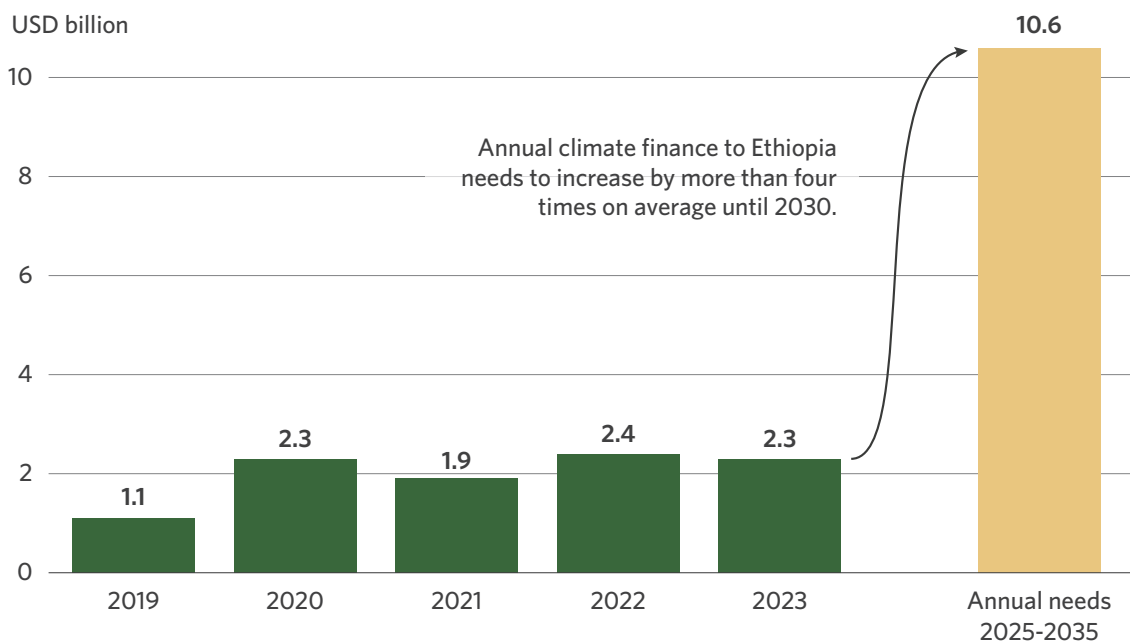
5.1 OVERALL CLIMATE FINANCE

Climate finance flows in Ethiopia have been largely stagnant, with modest declines in 2021 and 2023, even as climate finance to the African continent increased.

Annual average tracked climate finance to Ethiopia in 2022/23 amounted to USD 2.3 billion.²

This represents only about 22% of the USD 10.6 billion annual climate finance needs stated in the country's NDC 3.0. As shown in Figure 3, the country's climate finance saw a 24% increase in 2022 from 2021, but fell by 13% between 2022 and 2023 due to economic challenges, including persistently high inflation, reduced Official Development Assistance (ODA) and political unrest in the country (UNDP, 2022; IMF, 2025).

Figure 3: Ethiopia's climate finance flows versus needs 2019-2023 (USD bn)



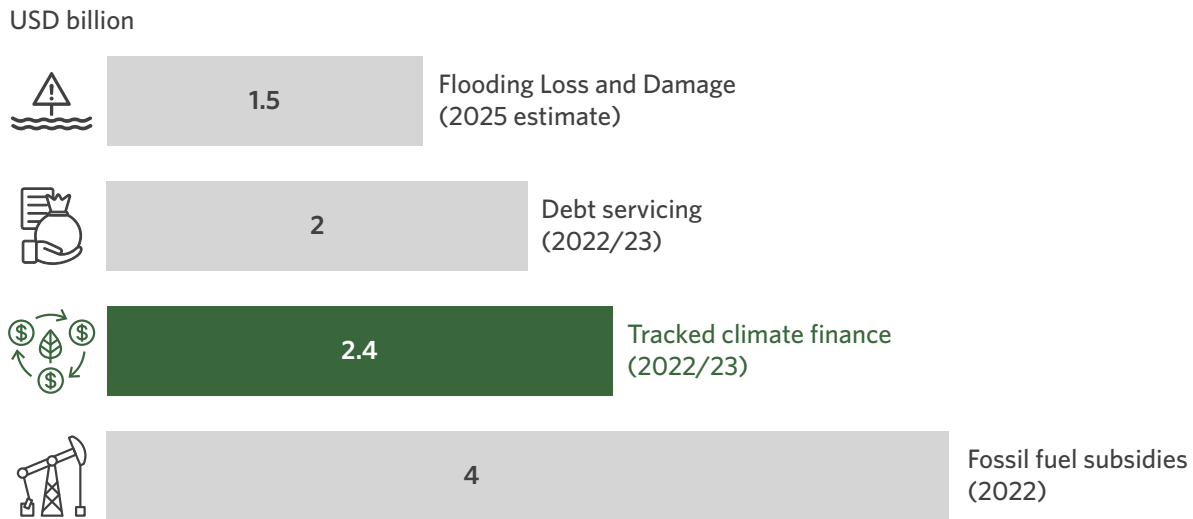
When viewed in Ethiopia's wider economic context, tracked climate finance flows represent a modest share of key fiscal priorities and climate-related costs. The USD 2.3 billion in finance for 2022/23 is equivalent to approximately 1.7% of national GDP, and only 57% of the USD 4 billion in explicit government-provided fossil fuel subsidies in 2022 (Nate Vernon *et al.*, 2023).³ The figure is also only slightly higher than Ethiopia's annual average of USD 1.8 billion of foreign

² Given that year-to-year tracking can be sensitive to large transactions and reporting lags, this report often refers to biennial averages.

³ We note that Ethiopia has since started a gradual phase-out of fossil fuel subsidies up to the complete deregulation of gasoline and jet fuel as of May 2025 and diesel in June 2025 (StockMarket.et, 2025).

debt servicing in 2022/23 (World Bank, 2025c). In addition, climate change-induced flood-related losses and damages have been estimated to cost the country USD 1.47 billion annually (Dominick Dusseau *et al.*, 2025).

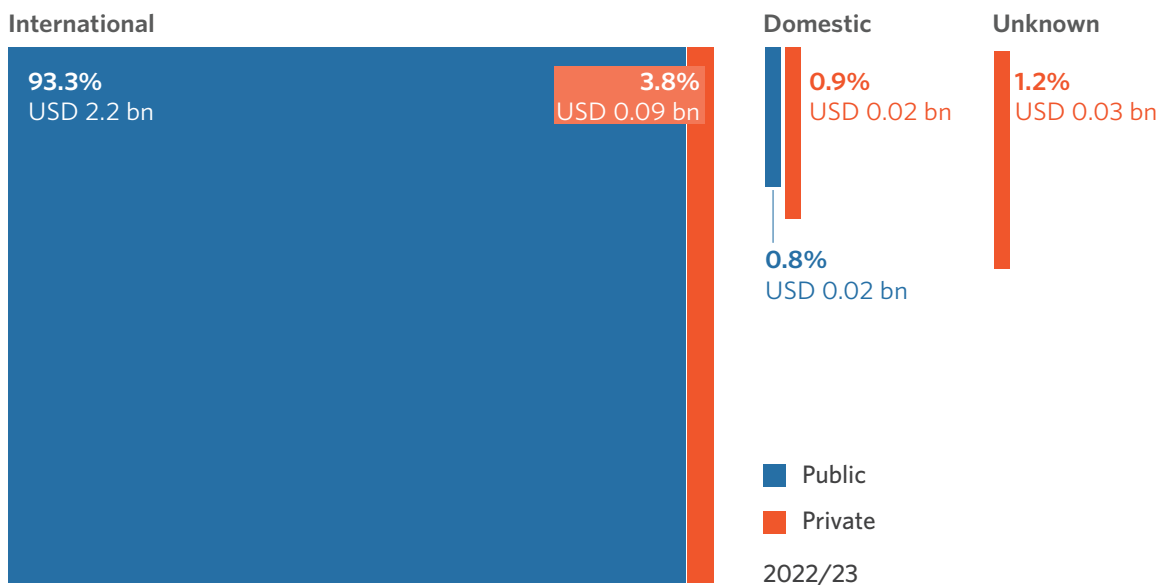
Figure 4: Ethiopia’s climate finance flows in context (USD bn)



5.2 SOURCES AND ACTORS

Since 2021, international public finance has accounted for more than 93% of Ethiopia’s total climate finance. This demonstrates both the challenge and the opportunity for mobilizing private climate investment.

Figure 5: Ethiopia’s climate finance by source and actor.



5.2.1 PUBLIC ACTORS

Given its heavy reliance on concessional international public climate finance, Ethiopia must diversify its sources. Strengthening domestic systems and the enabling environment can catalyze investment from local public institutions and private actors.

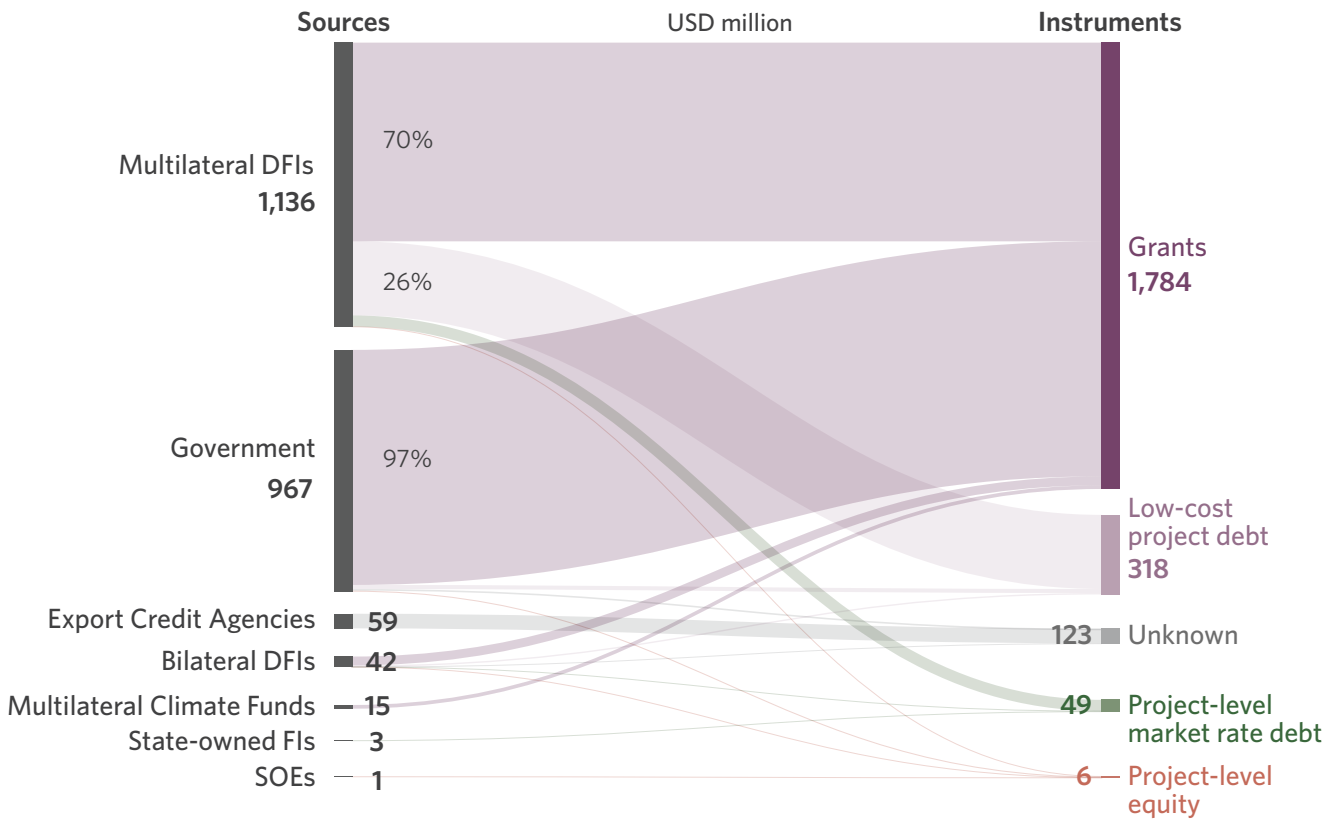
Public actors committed USD 2.2 billion annually in climate finance to Ethiopia in 2022/23, a 23% increase from USD 1.8 billion in 2020/21. Of these flows, 80% was provided through grants and 14% through concessional debt. As show in Figure 6, Multilateral DFIs are the largest providers of public climate finance in Ethiopia, contributing USD 1.1 billion, or 51% of total public finance. Within this group, the World Bank, USAID, and the African Development Bank were the largest contributors, though USAID disbursements have ceased since early 2025. In 2022/23, 70% of the multilateral DFI financing was in the form of grants, and 26% in the form of low-cost project debt. Cross-sectoral programs, AFLOU, and the energy sector received the most funding.

Other key providers were donor governments (USD 966.5 million), export credit agencies (USD 58.5 million), and bilateral DFIs (USD 42.1 million). The majority of bilateral DFI investment (83%) came through grants, and 13% through low-cost project debt. While contributions from multilateral and bilateral DFIs fluctuated, contributions from donor governments increased from USD 679 million in 2020 to USD 1.2 billion in 2023, with the largest contributions from the Netherlands, Germany, and the US. Like multilateral DFIs, donor governments' financing focused on cross-sectoral and AFLOU activities.

Flows from multilateral climate funds (MCFs) were small and uneven. In 2022/23, MCFs contributed USD 14.8 million to Ethiopia. This marks an 88% decrease from 2020/21, due to the completion of a large GCF project⁴ and a decline post-2022 in COVID-19-related development aid that had mainstreamed climate action. All MCF funding was provided as grants in 2022/23, with no GCF funding.

⁴ The GCF Resilient Landscape and Livelihoods Project (FP136) was designed to improve climate resilience, land productivity, and carbon storage, while increasing diversified livelihood activities in vulnerable rural watersheds in Ethiopia. It comprised a GCF loan of USD 107 million and a grant of USD 58 million, co-financed through a USD 100 million loan and USD 22 million in grants.

Figure 6: Public provider breakdown by instrument (2022/23, USD bn)

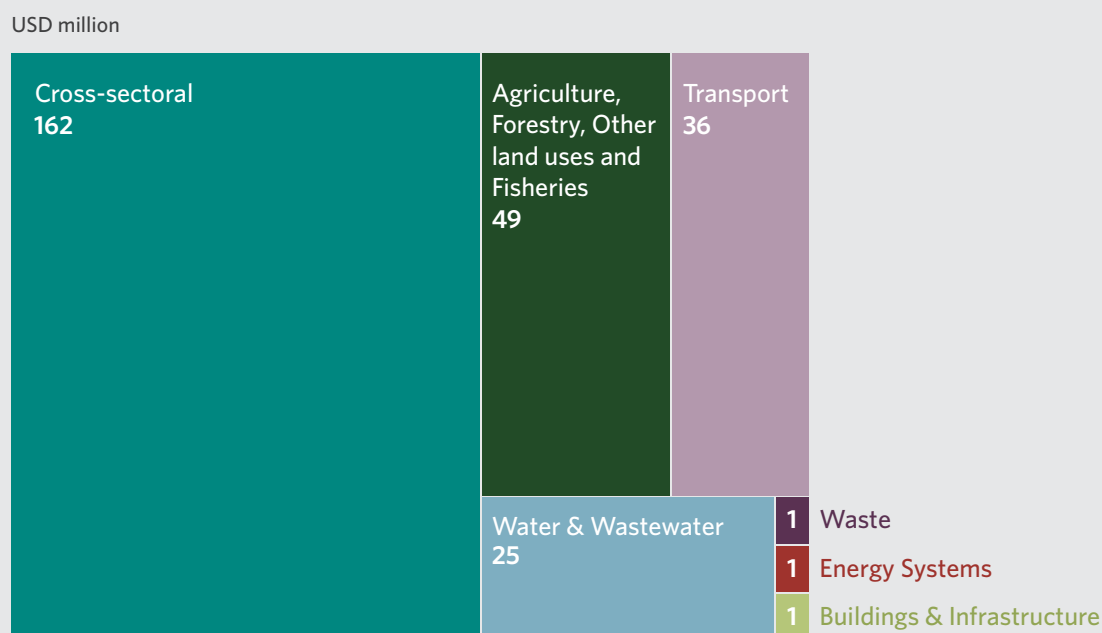


Box 2: Domestic public budget analysis

Ethiopia’s domestic public budgets contributed approximately USD 274 million to climate action. This estimate is based on budget tagging using CPI’s climate finance tracking methodology and taxonomy. The available budget data only allows for an understanding of the sectoral flows shown in Figure 7. Most domestic climate funding (USD 162 million, or 59%), flowed to cross-sectoral initiatives. This was followed by agriculture (USD 49 million, 18%) and transport (USD 36 million, 13%). These numbers align with the priorities set out in Ethiopia’s NDCs and other climate policies. USD 25 million flowed to the water and wastewater sector for water supply, irrigation, storage, and sanitation projects.

This analysis is not included in the figures presented in the overall landscape Sankey diagram, as the budget could not be tagged to the level of detail of the comprehensively tracked data. An in-depth country analysis of domestic public and private financial data is recommended to address this data gap in the future.

Figure 7: Sectoral breakdown climate-related investment in Ethiopia's domestic budget (2022/23; USD mn)

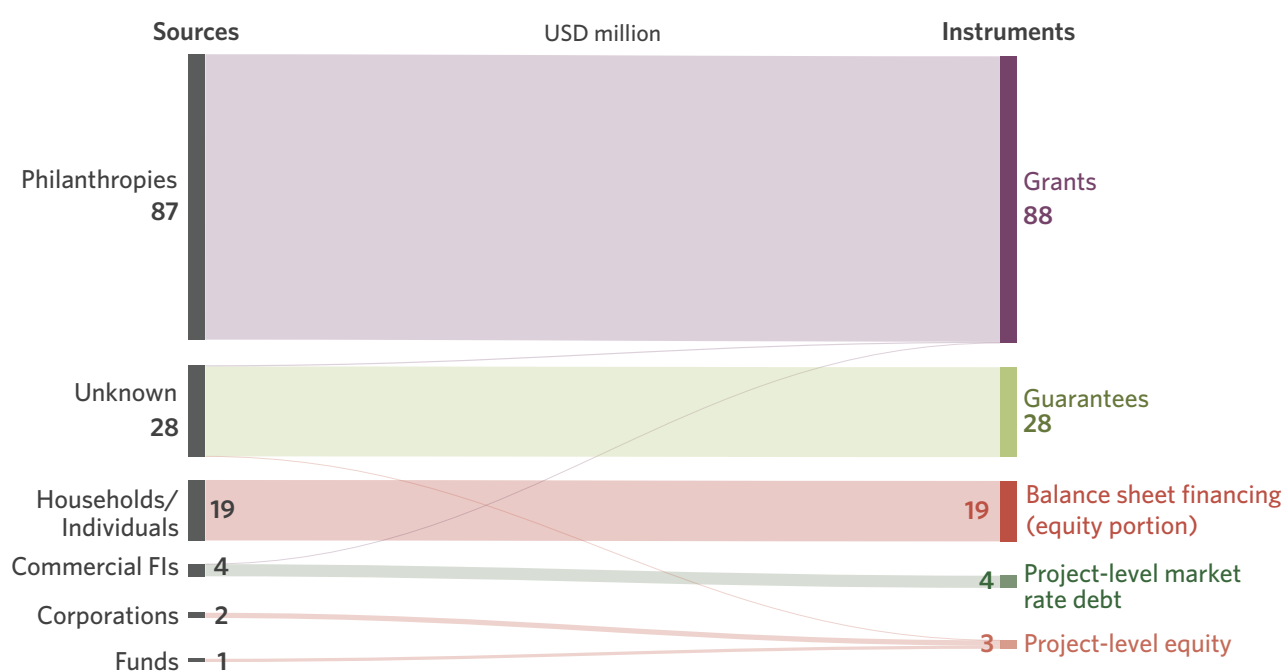


5.2.2 PRIVATE ACTORS

Ethiopia's private climate finance remains low, pointing to opportunities to catalyze investment from untapped sources.

Private actors contributed USD 112.5 million annually in climate investments in 2022/23, marking a 58% decrease from 2020/21. This variation is symptomatic of the low amounts of private climate finance in absolute terms; private flows were temporarily elevated in 2020 due to investments in the Awash 500 MW Solar PV Plant and the 100 MW Assela Wind Farm. The fluctuation also reflects gaps in the tracking of private climate investments, highlighting a need for more systematic reporting and disclosure to capture all private climate finance.

In 2022/23, 62% or USD 87 million of private climate finance was provided by philanthropic grants, 20% by private financial institutions mobilizing climate finance through guarantees (exact instrument unknown), and 13% by households/individuals providing balance-sheet (equity portion) financing (see Figure 8). These flows primarily targeted the AFOLU sector.

Figure 8: Private provider breakdown by instrument (2022/23, USD bn)

Households contributed USD 18.5 million in climate investments in 2022/23. These flows focused on small-scale residential solar PV projects, energy efficiency, and heat pumps. Commercial financial institutions contributed USD 3.8 million, just 0.2% of the country's total climate finance flows.

Private domestic and international investment remains limited due to currency volatility, a shortage of foreign exchange, and inflation. The establishment of Ethiopian Investment Holdings in 2022, a sovereign wealth fund with USD 150 billion in assets under management, presents significant potential to scale up private investment, particularly from institutional investors. Additionally, the establishment in 2023 and the 2025 launch of trading for the Ethiopian Securities Exchange create a platform for the development of domestic capital markets, including potential future issuance of green bonds. Through programs such as the IKI Greening Financial Systems Program, pension funds, and other investment vehicles are expected to include green assets soon. However, institutional investors and commercial banks remain constrained by fiduciary rules and a lack of green instruments. They also require clarity on regulations and risk-mitigation structures to participate in climate-aligned investments. Furthermore, carbon markets will likely be important in mobilizing private investment in Ethiopia (see Box 3).

Box 3. NDC targets and carbon markets in Ethiopia

Carbon markets offer a near-term opportunity to mobilize private finance, given Ethiopia's land restoration and reforestation programs. Ethiopia was an early mover, issuing Africa's first forestry carbon credits in 2012 under the Clean Development Mechanism (CDM). Since 2020, the forest sector has contributed about 79.2% of the country's emission reductions (FDRE, 2025b). By 2022, it had generated over two million carbon credits⁵ (EAA, 2022). Various activities with international partners have demonstrated market confidence. Scaling up will now require robust transparency and integrity frameworks, as tracking and governance gaps could limit confidence.

The country's carbon market activities have focused on forestry, sustainable agriculture, and cookstoves. Under its new National Carbon Market Strategy (2025-2035), it is exploring carbon finance for renewable energy and clean transport, among others (MoPD, 2025). The country aims to establish a carbon market law that could boost certainty and private sector engagement.

Selling reductions from forest sinks must be managed to avoid obstructing Ethiopia's own targets (Climate Action Tracker, 2025). Under new Article 6 rules, emission reductions can be counted only once, either for the NDC of the host or the buying country. If Ethiopia transfers reductions internationally, it must make corresponding adjustments to its national inventory, forfeiting those reductions. Large forestry credit sales could limit Ethiopia's own climate progress. Countries have adopted various measures to address this:

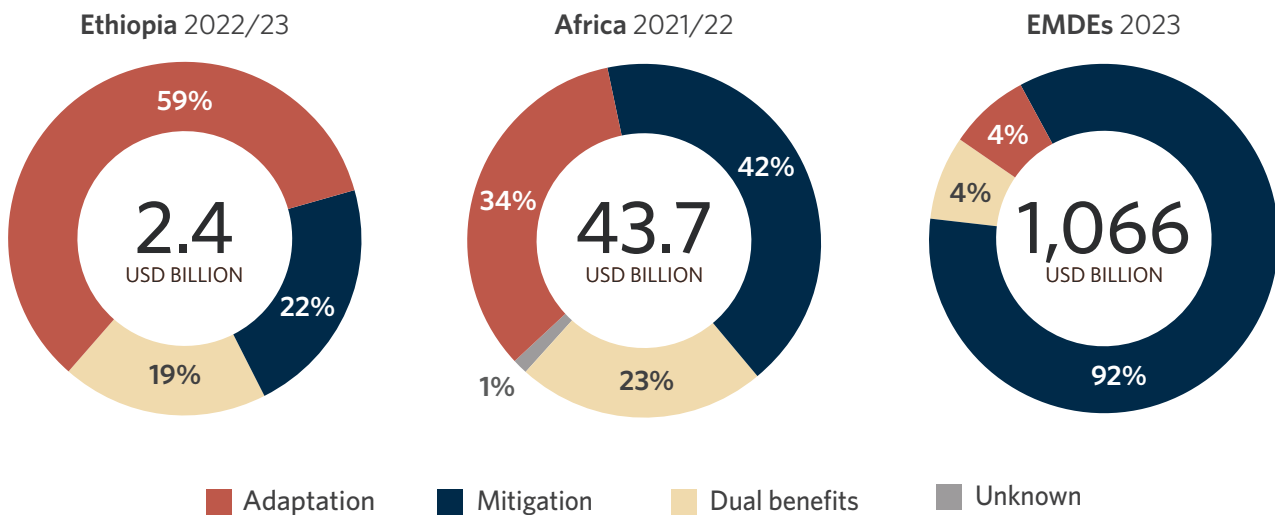
- **Selective Domestic Retention of Low-Cost Mitigation:** Some countries, such as Zambia, use Marginal Abatement Cost Curves to identify low-cost options for domestic mitigation (The Nature Conservancy, 2025).
- **Strict Additionality / Emerging Technologies:** Some jurisdictions restrict the credit eligibility of emerging mitigation technologies. India, for example, lists 14 emerging technologies (e.g., fuel cells) for Article 6 projects (Government of India, 2024).
- **Buffer Pools:** Indonesia, Ghana, and Paraguay have national buffer pools to retain credits in case they fall short of their NDC targets (The Nature Conservancy, 2025).

⁵ Assuming an average transaction price of USD 5-10 per tCO₂e, two million credits generated could correspond to an USD 10-20 million in gross carbon market value.

5.3 USES AND SECTORS

Adaptation finance has accounted for more than half of Ethiopia's tracked climate finance since 2021, in contrast to the dominance of mitigation globally and across Africa.

Figure 9: Mitigation, adaptation, and dual-benefit shares of climate finance comparing Ethiopia, Africa, and EMDEs for 2022/23

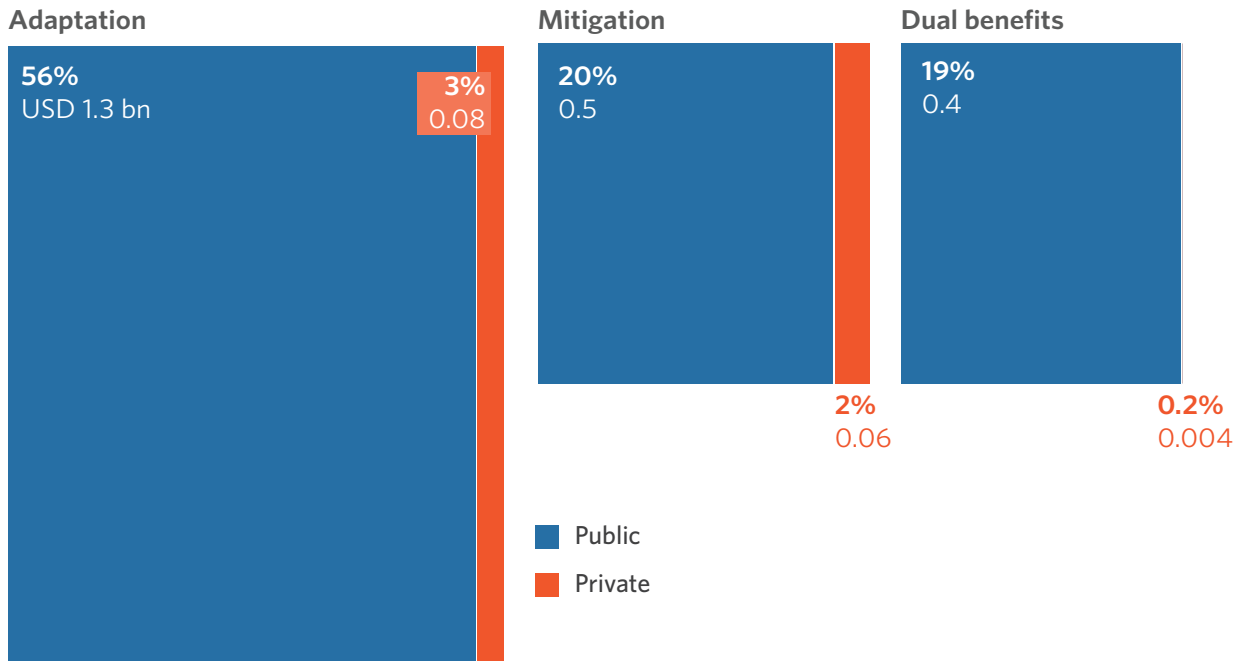


In 2022/23, on average, USD 1.4 billion was directed to adaptation, representing 59% of total flows. Mitigation and dual-benefit activities saw⁶ tracked flows of USD 520 million and USD 443 million, respectively (see Figure 11).

The public-private split in climate finance mirrors the overall flow composition: 56% of total flows are public finance directed to adaptation, 20% to mitigation, and 19% to dual-benefit activities.

⁶ Dual-benefit activities are those that achieve both climate and other development outcomes.

Figure 10: Share of public and private sources of climate finance for mitigation, adaptation, and dual-benefit activities



5.3.1 ADAPTATION FINANCE

Ethiopia's adaptation finance gap requires a fourfold increase to meet NDC 3.0 targets, despite currently accounting for the largest share of tracked flows.

Adaptation accounted for 60% of 2022/23 tracked flows, equivalent to USD 1.4 billion.

Adaptation finance needs to increase almost fourfold to reach the USD 4 billion annual adaptation need over the 2025-2035 period, as outlined in the country's NDC 3.0. Ethiopia's adaptation financing gap is large, but significantly smaller than the mitigation gap. However, the policy direction signals a future shift toward mitigation financing. In 2022/23, cross-sectoral investment accounted for the most tracked adaptation finance (46%), followed by AFOLU (37%), water and wastewater (10%), and transport (5%) (Figure 11). Adaptation was almost entirely financed by grants (92%) from donor governments and multilateral DFIs, followed by low-cost project debt (7%) and project-level market-rate debt (1%) (Figure 12).

Figure 11: Comparison of adaption finance flows vs needs and sectoral breakdown in 2022/23

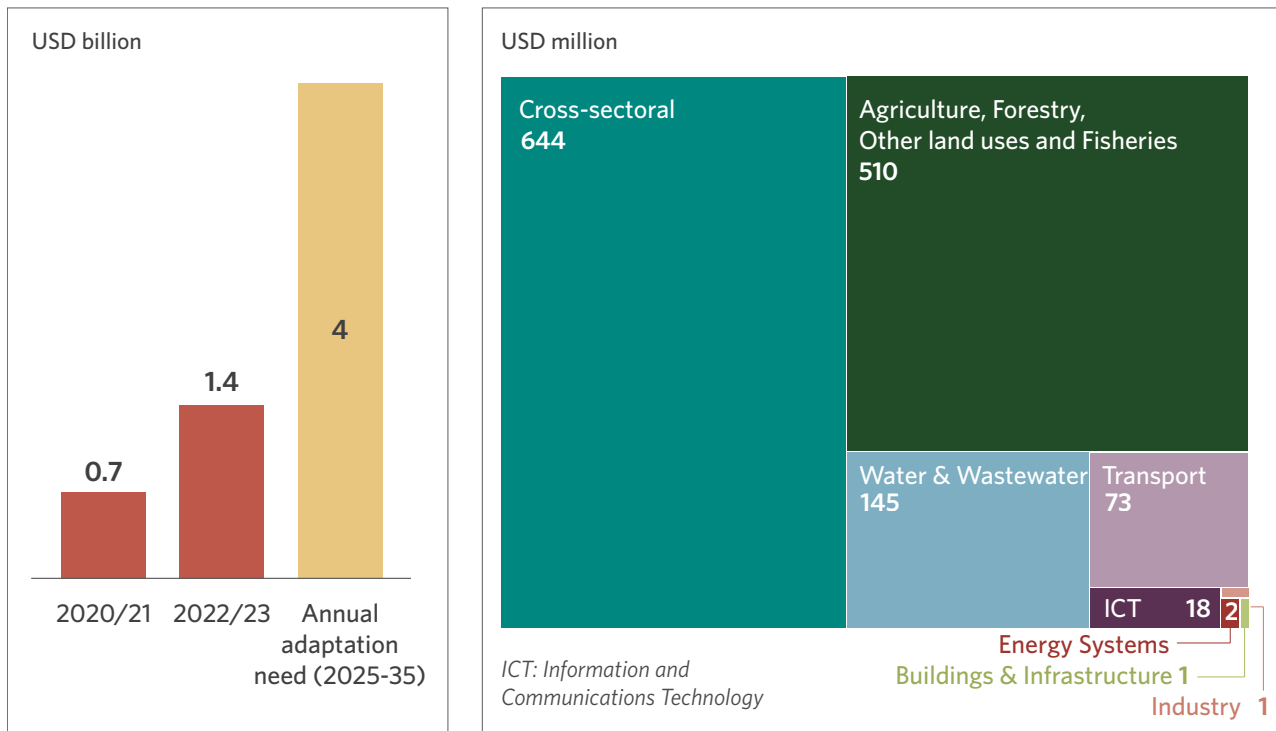


Figure 12: Adaptation finance instruments (2022/23, USD mn)

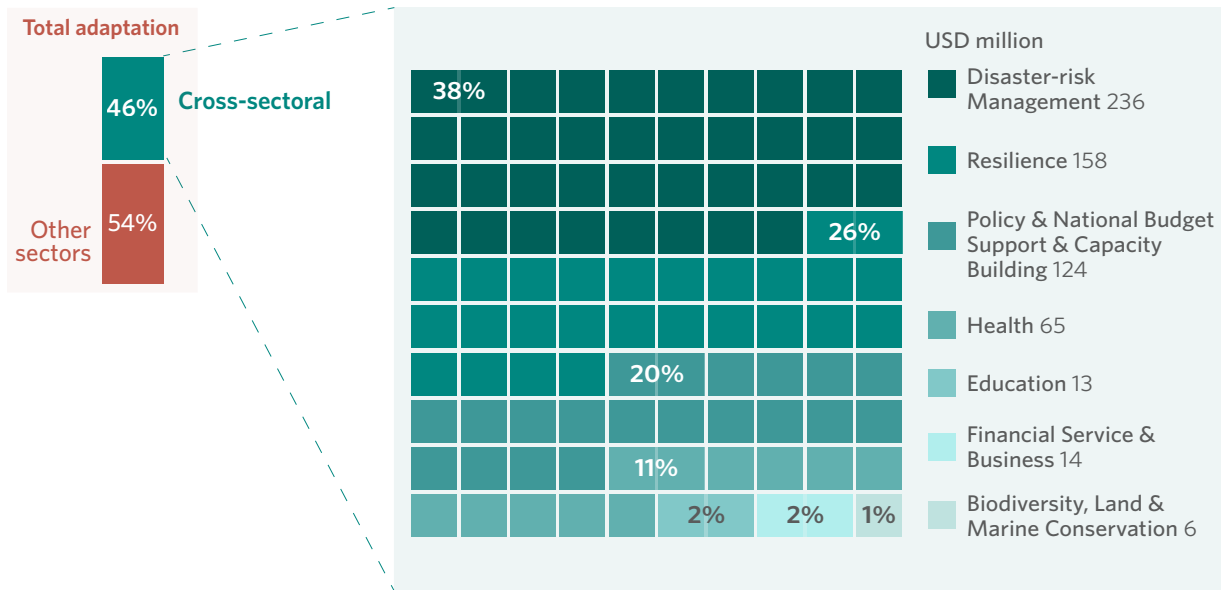


CROSS-SECTORAL INVESTMENTS

As Ethiopia scales up climate finance to meet its NDC and green economy ambitions, cross-sectoral investments may emerge as the most efficient and resilient pathway to climate and development outcomes.

Cross-sectoral initiatives focused on adaptation received an average of USD 644 million annually in 2022/23. Of these flows, 97% came from international public sources in the form of grants and concessional debt. As shown in Figure 13, Disaster-risk management received the largest share (USD 236 million), followed by resilience-building initiatives (USD 142 million), and policy, national budget support, and capacity building (USD 124 million).

Figure 13: Cross-sectoral investments adaptation finance - subsector breakdown (2022/23)



The large share of cross-sectoral investments in Ethiopia’s adaptation finance reflects the recognition that climate action requires integrated approaches across sectors. This builds on the foundational vision of the CRGE Strategy of a green economy rooted in coordinated sectoral reforms. Ethiopia’s NDC 3.0 also aims to integrate climate action and related domestic finance for the period 2025–2035 across development sectors and planning frameworks rather than remaining in isolated mitigation or adaptation projects (FDRE, 2025b). For instance, renewable energy rollout coupled with rural electrification and irrigation expansion; afforestation combined with watershed restoration and ecosystem resilience; and integrated infrastructure upgrades that enhance climate resilience, resource access, and emission reductions.⁷ In addition, cross-sectoral investments include activities that respond to crises and initiatives with developmental or disaster-risk impacts beyond climate change. Disaster-risk projects often sit at the nexus of climate, food security, and health.

Cross-sectoral investments help deliver multiple co-benefits and improve the cost-effectiveness and resilience of climate spending, a critical advantage where finance is scarce and risk is high. At the same time, such investments place high demands on coordination, monitoring, evaluation, and data systems, underscoring the need for strengthened institutional capacities and integrated planning.

⁷ For more on how CPI allocates combined projects across sectoral tracking, see Methodology.

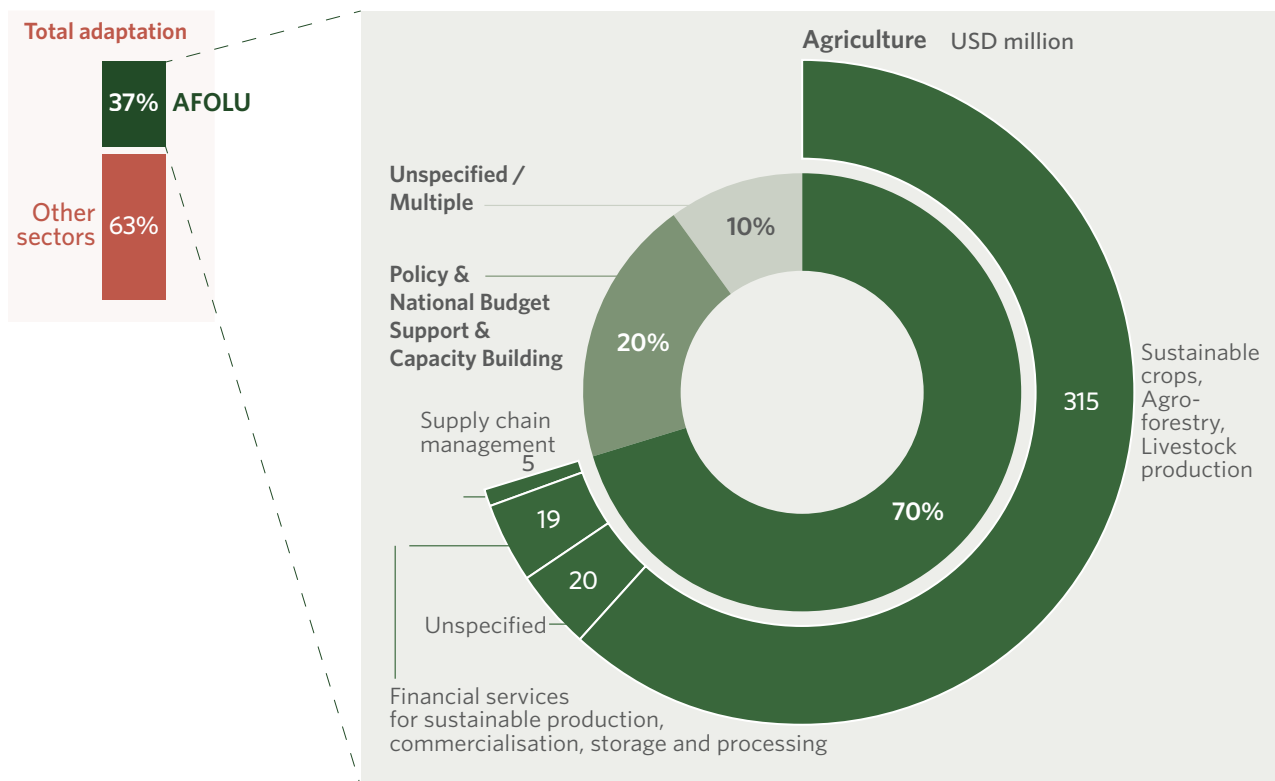
AGRICULTURE, FORESTRY, OTHER LAND USE AND FISHERIES

Scaling adaptation finance for AFOLU is essential for Ethiopia's resilience, given agriculture's central role in livelihoods and climate vulnerability. Expanding domestic public investment and developing bankable agricultural pipelines will be key to mobilizing private capital and reducing reliance on external finance.

AFOLU accounted for USD 510 million of adaptation finance (37%) in 2022/23. Of the tracked adaptation flows to the sector, USD 315 million, or 88%, of investments were directed toward sustainable crops, agroforestry, and livestock, with small shares flowing to unspecified AFOLU adaptation activities and to financial services for sustainable production, commercialization, storage, and processing (see Figure 14). Expanding domestic public investment and developing bankable agricultural pipelines will be key to mobilizing private capital and reducing reliance on external finance.

The USD 20 million of "Unspecified" financing for agricultural solutions shown in Figure 14 was to scale up the Green Legacy Initiative with a focus on enhancing the climate resilience of smallholder farmers and disadvantaged groups. The majority came from the Global Environment Facility (GEF) with co-financing from domestic actors including the Ethiopian Forestry Department and the Green Legacy Initiative itself. This is significant as the Green Legacy Initiative gains traction as a domestic pool of funding for restoring urban and rural landscapes to improve socioeconomic well-being and ecological resilience (Green Legacy Initiative, 2025a).

Figure 14: AFOLU adaptation finance – subsector and agricultural solution breakdown (2022/23)



AFOLU plays a central role in livelihoods and economic stability in Ethiopia. The sector accounts for 36% of GDP, 64% of employment, and over 80% of foreign-exchange earnings from exports like coffee, livestock, and oilseeds (Climate Action Tracker, 2025). Yet, less than 1% of cultivated land is irrigated, leaving the agricultural sector highly vulnerable to droughts and other climate-related shocks (Hill and Fuje, 2020). With almost all production rain-fed, rising temperatures and shifting rainfall patterns are already depressing crop yields, harming livestock productivity, and increasing food insecurity. The National Adaptation Stocktake confirms that recurrent droughts have sharply reduced planting and harvest outcomes, especially for smallholders with limited adaptive capacity (Ministry of Planning and Development, 2025).

Of the USD 510 million flowing into adaptation activities for AFOLU, 83% originated from international public sources, 14% from international private sources, and only 3% from domestic public sources. Within this, most tracked funds were grants (83%) and concessional debt (15%), with only a small share of project-level market-rate debt (2%). This reinforces the need to mobilize domestic finance from both private and public sources. The heavy reliance on international finance poses a risk to Ethiopia's efforts to adapt to climate change. With significant donor budget cuts internationally, domestic investment is needed more than ever. In addition, there is a significant opportunity to kickstart domestic private finance and capital markets, with technical assistance and support required to ensure pipelines of bankable agricultural projects with adequate returns to attract private investors.

Given agriculture's centrality to GDP and livelihoods, the sector should be a core priority for adaptation investment. Expanding smallholder-friendly, climate-smart irrigation, promoting drought-tolerant crops, strengthening soil-water conservation, and improving access to climate information services are essential. With sustained investment, such as the ongoing land and water resilience programs supported by multilateral climate funds, Ethiopia can begin to transition from high climate vulnerability to managed, resilient development.

WATER AND WASTEWATER

The water and wastewater sector received USD 145 million in adaptation finance in 2022/23, representing 10% of the total. Ethiopia's climate policy frameworks identify water as a critical adaptation priority due to the country's high rainfall variability, droughts, and flooding. The National Adaptation Plan highlights interventions such as integrated water resource management, watershed protection, climate-resilient water supply infrastructure, and improved hydrometeorological monitoring systems to strengthen resilience across rural and urban communities (Federal Democratic Republic of Ethiopia, 2019). While flood mitigation remains inconsistent nationwide, some adjacent disaster-risk management initiatives, including early warning systems and agrometeorological information for rural communities, have strengthened climate preparedness in water-dependent sectors (UNDP, 2025). Ethiopia's NDC 3.0 emphasizes improving water security through investments in climate-resilient irrigation, watershed restoration, and drought management systems as part of the country's broader adaptation strategy (FDRE, 2025b).

All tracked adaptation finance for water and wastewater came from international public sources, comprising 97% in grants, 2% in project-level market-rate debt, and 1% in low-cost project debt.

OTHER SECTORS

Adaptation finance remains concentrated in traditional climate-sensitive sectors such as agriculture and water. Sectors vital to systemic economic resilience, including energy, infrastructure, ICT, and industry, are structurally underfinanced despite recognition in national policy frameworks.

Ethiopia's NDC 3.0 and the National Adaptation Plan (NAP) identify adaptation priorities across energy systems, urban infrastructure, transport, industry, and climate information services (Federal Democratic Republic of Ethiopia, 2019; 2025). Yet, tracked finance suggests that these "systems" sectors receive only marginal adaptation-tagged investment. This points to a structural misalignment between policy recognition of systemic climate risk and the allocation of adaptation finance. Furthermore, these sectors are generally poorly tracked and therefore often under-reported.

Ethiopia's energy and urban sectors face critical adaptation gaps despite acute climate vulnerability. The country's heavy reliance on hydropower exposes generation and grid reliability to rainfall variability and drought. However, climate finance in energy is predominantly framed and tracked as mitigation, focused on renewable expansion and energy access rather than adaptation needs such as grid hardening, storage integration, distributed systems, and transmission resilience. As a result, adaptation-relevant energy investments are either under-tagged or underdeveloped relative to the scale of systemic risk.

A similar gap is evident in buildings and urban infrastructure. Rapid urbanization, combined with drainage deficits and informal settlement expansion, heightens exposure to flooding and heat stress, particularly in Addis Ababa and secondary cities (World Bank Group, 2015). The NAP includes adaptation options to strengthen urban systems, improve housing resilience, and upgrade infrastructure (Federal Democratic Republic of Ethiopia, 2019). Yet, tracked adaptation finance in buildings and infrastructure remains minimal. Much urban investment is categorized as general development spending, even where drainage, stormwater management, and building-envelope improvements directly reduce climate vulnerability. This misclassification obscures adaptation gaps and limits strategic mobilization of climate-aligned capital into urban resilience. However, concerted efforts to improve resilience and reduce flood exposure and heat stress in urban environments in Ethiopia.

Box 4. Gender, agriculture, and climate vulnerability

Women play a central role in Ethiopia's agricultural economy, which remains highly exposed to climate variability and long-term climate risks. Agriculture accounts for a large share of employment and livelihoods, and women contribute significantly to crop production, livestock management, and household food systems. However, gender disparities in access to land, finance, agricultural inputs, extension services, and climate information can limit the ability of women farmers to adopt climate-resilient practices and respond to climate shocks (Dessie, 2025).

These dynamics are particularly relevant for climate adaptation. Ethiopia's NAP recognizes that women in rural communities are often disproportionately affected by drought, land degradation, and water scarcity, while also playing a key role in natural

resource management and household food security (Federal Democratic Republic of Ethiopia, 2019). Addressing gender gaps in access to productive assets, information, and decision-making can therefore strengthen the effectiveness of adaptation investments and improve the resilience of agricultural systems.

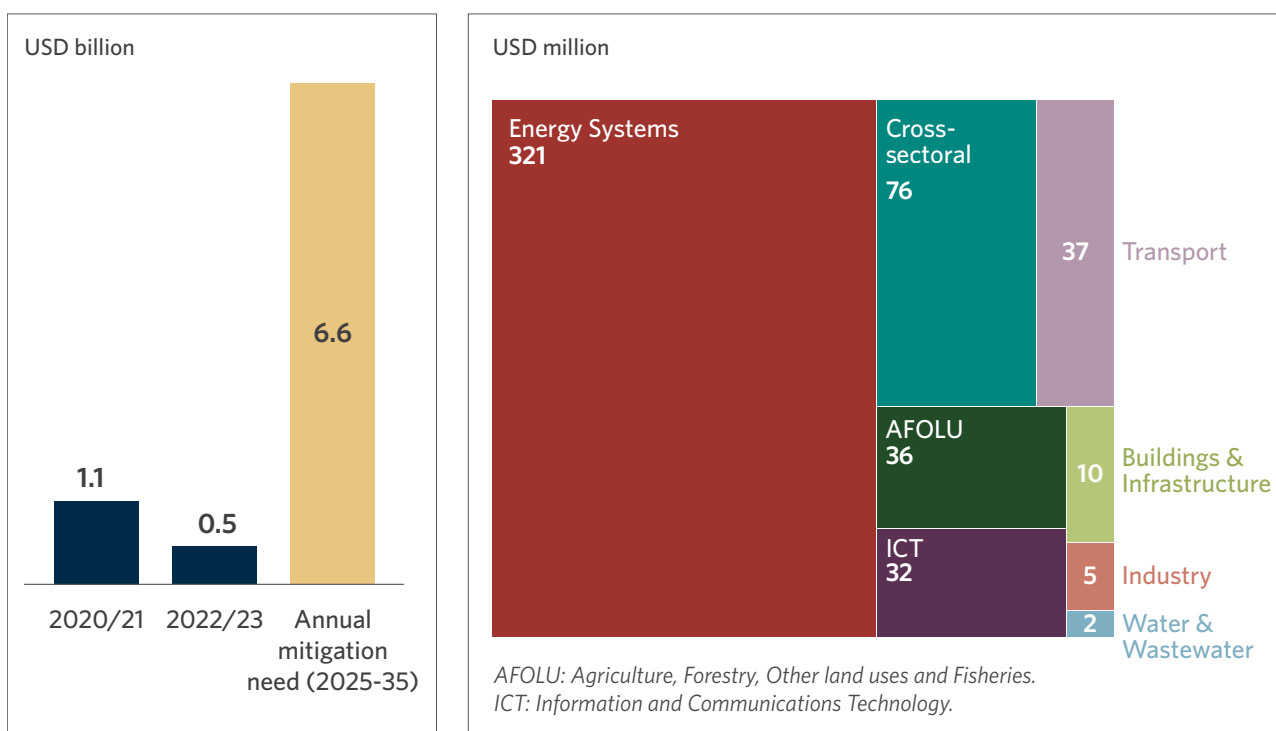
Recognizing the role of women in agricultural production and natural resource management can improve the effectiveness of climate investments in this sector. Gender-responsive adaptation approaches, including improved access to climate information, finance, and extension services, have been shown to increase adoption of climate-resilient agricultural practices and strengthen household resilience to climate variability (Appiah *et al.*, 2025).

5.3.2 MITIGATION

Ethiopia faces a significant mitigation financing gap, with flows concentrated in a small number of sectors, and mostly concessional in nature.

In 2022/23, USD 500 million was committed to mitigation activities in Ethiopia. As shown in Figure 16, this falls significantly short of the USD 6.6 billion annual mitigation financing need outlined in the country’s NDC 3.0. There was a 55% decrease in mitigation flows between 2020/21 and 2022/23. This drop was largely due to large portions of funding on the World Bank Ethiopia National Electrification Program, the Satarem Awash PV Plant Phase I, the Assela Wind Farm, and the Access to Distributed Electricity and Lighting in Ethiopia program reducing between 2020-21 and 2022-23.

Figure 15: Comparison of mitigation finance flows vs needs and sectoral breakdown in 2022/23



Most mitigation finance (62%) went to the energy sector in 2022/23. The others and cross-sectoral category saw 15%, while transport and agriculture, forestry, and other land use and fisheries (AFOLU) each accounted for 7% (see Figure 15). Other key climate sectors, such as industry, buildings and infrastructure, and water and wastewater received smaller shares, pointing to several economy-wide opportunities for greater decarbonization and resilience finance. As shown in Figure 16, mitigation flows were mostly concessional, with a lack of commercial private sector involvement. Flows were mainly through grants (41%), concessional debt (32%), and unknown instruments where finance was mobilized through guarantees (17%), with smaller shares of project-level market-rate debt (7.8%) and balance-sheet financing (equity portion) (0.8%).

Figure 16: Mitigation finance instruments (2022/23)

USD million

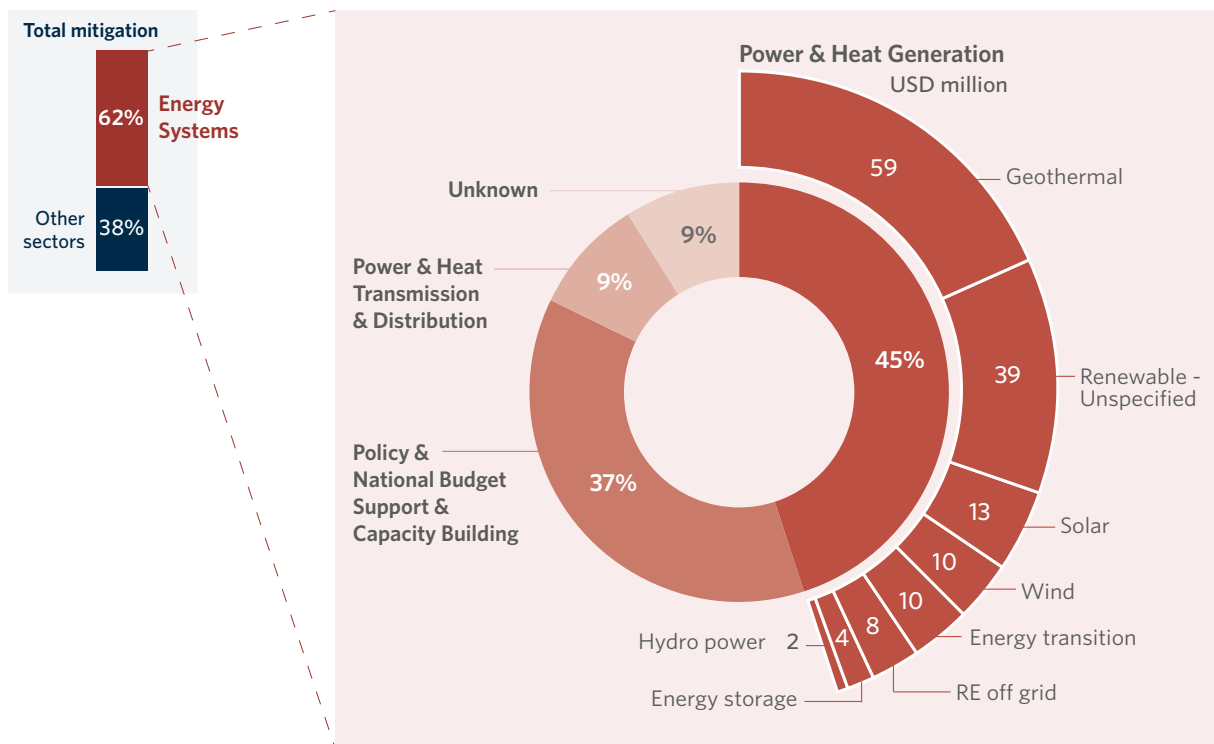


ENERGY SECTOR

Ethiopia's electricity generation capacity is largely from hydropower, and the system is vulnerable to drought. Increasing electricity access and moving away from biomass cooking will require greater private investment.

Energy systems saw an annual average of USD 321 million in climate investment in 2022/23.

As shown in Figure 17, 45% of total energy mitigation finance flowed to the power and heat generation sector. This was led by renewable energy expansion, via the large-scale Tulu Moyo Geothermal Power Plant (USD 117 million) and grid modernization.

Figure 17: Energy sector mitigation finance - subsector and solution breakdown (2022/23)

Ethiopia's electricity supply is one of Africa's greenest, with 91% of installed generation capacity from high-head hydropower. This is followed by wind (3.3%), solar PV (0.2%) and oil (UNDP, 2025). In 2023, Ethiopia produced a total of 20,517 GWh of electricity with a net export of 8.7%. Most of the electricity was consumed by the residential sector (52%), followed by industry (25%), commercial and public services (21.9%), and transport (0.4%) (IEA, 2025a). However, bioenergy—largely traditional biomass used for cooking—still accounts for 87.2% of total primary energy supply, highlighting significant potential for decentralized clean energy infrastructure (World Bank, 2023; IEA, 2025b). Overall electricity access remains limited at around 55%, reflecting constraints in network expansion, utility financial performance, and service quality, rather than a shortage of generation capacity. Rapid demand growth and dispersed settlement patterns have outpaced transmission and distribution investments, while high losses, below-cost-recovery tariffs, and weak collections constrain sustainable access (World Bank, 2025b). The Ethiopian electric utility estimates that significant investment, beyond flows through existing initiatives such as the National Electrification program, will be required to improve energy access in the country (Ethiopian Electric Utility, 2023).

Climate change is increasing both the frequency and severity of hydrological shocks, reinforcing the need to diversify the generation mix toward non-hydro renewables and improve system flexibility (EPA and Federal Democratic Republic of Ethiopia, 2011; World Bank, 2021). Ethiopia's NDC 3.0 cites aims to diversify its electricity supply by scaling up other renewables including off-grid and mini-grids. Ethiopia's distribution of solar potential is well above the global average, with a significant portion of land having an expected annual generation potential of 1.6-1.8 kWp, a range largely considered adequate for feasibility. Wind resources hold less promise than solar with a small land area having a potential for high yields (IRENA, 2025). Tracked climate finance shows limited investment in renewable energy, likely at strategic locations with high potential yields.

Increased solar and wind energy investment, particularly for mini-grids and standalone solar systems, presents a major investment opportunity to improve energy access and reduce reliance on imported fossil fuels. At the same time, Ethiopia's growing regional electricity trade presents broader economic benefits of energy transition. In 2024, power exports for hydroelectricity generated about USD 139 million, accounting to about 3.7% of the country's annual export revenue (UNDP, 2025). In this context, expanding renewable generation also carries important macroeconomic benefits. Increasing domestic renewable capacity, particularly non-hydro sources, can reduce exposure to imported fossil fuels while strengthening Ethiopia's position as a regional electricity exporter and supporting foreign-exchange earnings and broader economic resilience.

Despite declining technology costs and a strengthening commercial case for energy investment, most mitigation finance to the energy sector is concessional and from public sources. Most finance was in the form of low-cost or concessional debt (40%), unknown instruments where finance was mobilized through guarantees (27%), or grants (22%). Only a small fraction was delivered as project-level market-rate debt or equity-based balance-sheet financing. Ethiopia's high-risk investment environment is a key barrier to private investment in renewable energy. Investors often require government guarantees to spur participation due to a lack of certainty around repayment/offtake.

Ethiopia's clean energy transition will be aided greatly by further electrification of end-uses, particularly transportation (which derives 99% of total energy consumption from oil products) and industry (which derives 49% of total energy consumption from oil and oil products and 36% from coal and coal products), along with further decarbonization of electricity generation (IEA, 2025a).

Box 5. Energy sector vulnerability to drought and climate investment needs

Ethiopia is increasingly exposed to hotter, drier, and more erratic climate conditions. Studies show that hydrological droughts are more frequent and persistent under future warming scenarios (Hirut Getachew Feleke *et al.*, 2025).

Hydropower is central to Ethiopia's energy and industrial development strategy, and it is significantly exposed to climate variability. Significant droughts threaten Ethiopia's hydropower-focused electricity supply. Recurrent droughts in recent years have reduced reservoir levels and constrained electricity generation. Climate change is increasing both the frequency and severity of hydrological shocks, reinforcing the need to diversify the generation mix toward non-hydro renewables and improve system flexibility (EPA and Federal Democratic Republic of Ethiopia, 2011; World Bank, 2021). Under severe drought scenarios, reduced river flows and lower reservoir levels could significantly curtail hydropower generation, forcing increased reliance on fossil backup and raising emissions (Mekonnen *et al.*, 2022). As a result, hydropower reliance without drought-proofing can become a vulnerability in a drying climate.

These interconnected risks highlight the need for accelerated adaptation. In the power sector, priorities include diversifying beyond hydropower by scaling solar and wind, improving multi-basin water storage, and integrating drought-scenario planning into dam operations (see also Section in 5.3.2 on Energy sector mitigation finance).

CROSS-SECTORAL INVESTMENTS

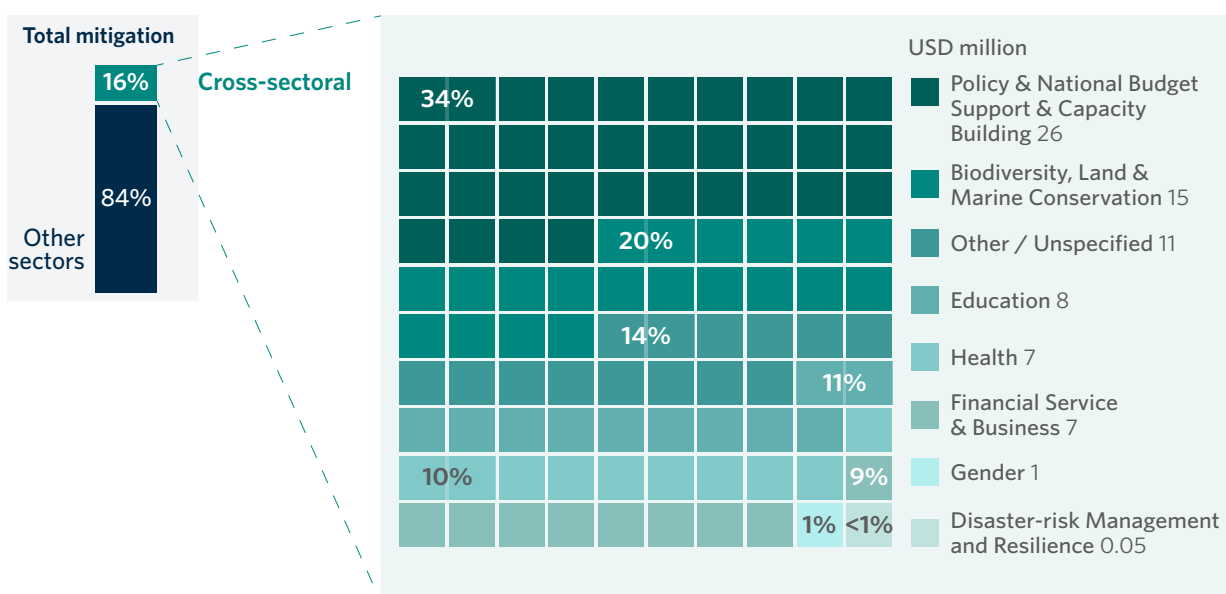
Cross-sectoral finance flows to areas including policy, nature, health, and education indicate Ethiopia’s growing climate–development nexus, with climate considerations increasingly embedded in broader development priorities.

Cross-sectoral mitigation investments in 2022/23 accounted for USD 76.4 million. This represents a 39% decrease since 2020/21. Most of these (79%) comprised grant funding and 17% low-cost project debt.

As shown in Figure 18, most cross-sectoral finance (USD 26 million) supports policy, national budget support, and capacity building, reflecting the importance of planning systems, coordination, and delivery capacity in a climate-vulnerable context. Cross-sectoral flows recognize the importance of climate action to other development objectives including reducing supporting health, biodiversity conservation, and strengthening education and service delivery. Notably, biodiversity, land, and marine conservation projects aim to conserve critical ecosystems, reduce deforestation and biodiversity loss, combat wildlife trafficking, and address climate change by strengthening institutions, improving land-use practices, and supporting inclusive livelihoods. This aligns with and supports opportunities to leverage carbon markets, particularly the development of nature-based carbon projects, to attract increased private sector investment into climate change in Ethiopia.

Gender-tagged investments remain extremely limited, accounting for only 1% of cross-sectoral mitigation finance. This indicates a possible lack of gender-related investments, systematic tagging, and reporting in project budgets and descriptions. Given that Ethiopia is mainstreaming gender into its climate policy framework, gender considerations and related tagging should be embedded in project implementation.

Figure 18: Cross-sectoral investments mitigation finance - subsector breakdown (2022/23)

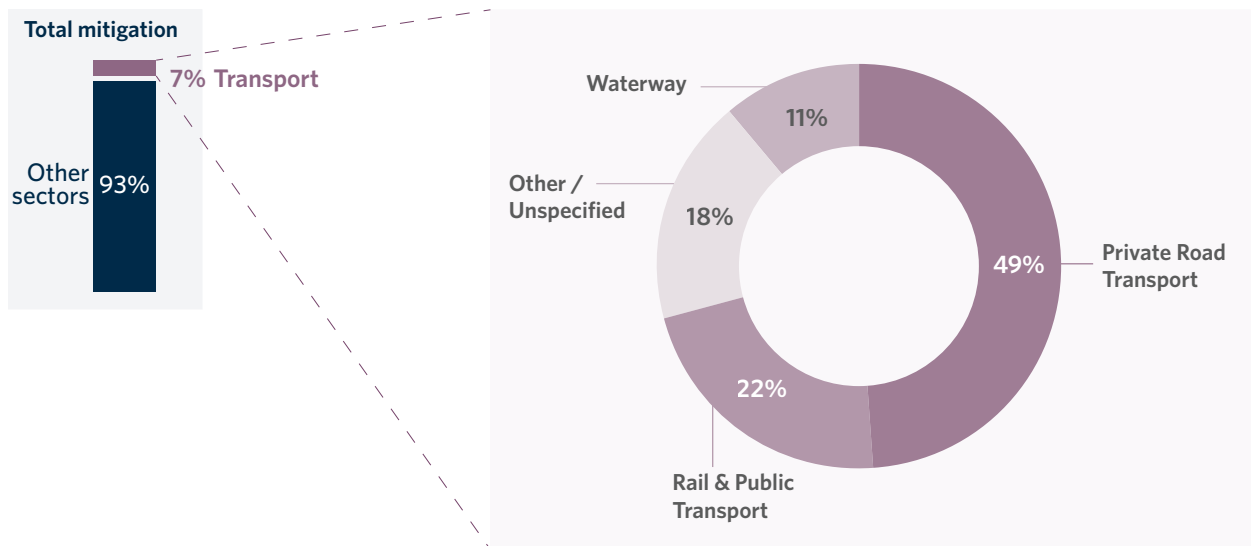


TRANSPORT

Ethiopia is reshaping its transport policy landscape and setting ambitious targets to advance low-carbon mobility. More finance will be needed to turn this ambition into reality.

In 2022/23, USD 36.6 million of mitigation finance was tracked for Ethiopia's transport sector, 60% as grants and 25% as concessional debt. This accounts for only 7% of the country's mitigation finance and 2% of total climate finance, even though transportation accounts for nearly half of its total energy-related emissions. As shown in Figure 19, the majority of mitigation finance to the transport sector flowed into private road transport and rail & public transport, with a portion flowing to unspecified transport activities and waterway development.

Figure 19: Transport sector mitigation finance - subsector breakdown (2022/23)



Over the past three years, Ethiopia has pursued a bold regulatory shift to reduce fossil fuel dependence, strengthen energy security, and accelerate the transition toward electric mobility.

In 2025, Ethiopia launched the E-Mobility Strategy and Implementation Plan (2025–2030) (MoTL, 2025) to accelerate its sustainable transport transition. The strategy aims to increase the share of new electric vehicle registrations from 40% to 80% by 2030. It targets full electrification of newly registered two- and three-wheelers, government fleet procurements, and public transport vehicles, alongside a 15% electrification target for new freight vehicles and a 20% integration of e-bikes into bike-sharing programs. These measures are driven as much by economic imperatives as by climate concerns, particularly foreign-exchange constraints and the growing burden of imported fuels (see Box 6). In a decisive pivot to electric mobility in 2022, Ethiopia introduced sweeping incentives to accelerate electric vehicle (EV) adoption. EVs, including two-and-three-wheelers, and key components of the charging ecosystem, including charging equipment and related infrastructure, have been exempted from value-added tax, excise tax, and surtax, and locally assembled EVs benefit from further reductions on import duties (Hansson, 2022). Together, these measures aim to reduce investment barriers for private developers and accelerate the rollout of the country's planned national charging network of more than 2,200 stations (IEA, 2025c; MoTL, 2025).

In early 2024, Ethiopia became the first country globally to ban the import of all internal combustion engine (ICE) vehicles, both new and used (Hochet-Bodin, 2024). This landmark policy effectively sets a clear timeline for fleet transformation and signals long-term regulatory certainty for EV manufacturers, assemblers, and investors. The ban is complemented by additional directives aimed at discouraging continued ICE dependence on informal import channels and used-vehicle markets.

Despite the scale of ambition, the EV affordability gap is significant for most households.

In addition, charging infrastructure is limited and concentrated in major urban centers, with interoperability and grid-readiness still in early stages. Additionally, the availability of foreign exchange for EV imports and components continues to be restricted. From a just transition perspective, the fuel subsidy reform highlights the importance of more explicitly linking future energy price reforms with targeted, time-bound social transfers, affordable public transport investment, and support for low-income households to access cleaner mobility options (Ethiopian Policy Institute, 2025b). If supported by deliberate infrastructure and investment planning, Ethiopia's transport reforms have the potential to produce one of Africa's fastest transitions to electric mobility.

Box 6. Fuel subsidy reform to reduce fiscal pressure and realign incentives

In 2025, Ethiopia removed all fossil fuel subsidies, including for petrol and diesel, redirecting national spending toward priority sectors (Insight, 2025). Together with the EV incentives introduced in 2022, this reform aligns price signals with the country's broader energy and climate objectives, strengthening the economic case for electrification. This is expected to sharply reduce Ethiopia's USD 5 billion annual fuel import bill and alleviate foreign-exchange pressures (Fana Media Corp, 2024). However, in the short term this has increased the cost of living for Ethiopian citizens and led to supply bottlenecks across the country.

To mitigate distributional impacts, Ethiopia relies primarily on existing social protection mechanisms rather than fuel-specific compensation measures. The country's flagship Productive Safety Net Program (PSNP), alongside targeted food assistance and urban social support programs, provides income and consumption support to vulnerable households and plays an indirect cushioning role against price shocks (International Food Policy Research Institute, 2025). However, these mechanisms were not designed specifically to offset energy price reforms, and their coverage and benefit levels may not fully compensate for rising transport and energy costs, particularly for people living in urban poverty and informal workers (Ethiopian Policy Institute, 2025a).

AGRICULTURE, FORESTRY, OTHER LAND USE, AND FISHERIES

Despite being one of the highest-emitting sectors of GHGs, AFOLU received only USD 35.8 million annually in 2022/23, just 7% of total mitigation flows. This is notable given that the sector accounts for over 90% of national emissions, largely through livestock production, land use change, and agricultural practices. Ethiopia's NDC 3.0 identifies AFOLU as a central pillar of the country's mitigation strategy, emphasizing the need to reduce emissions intensity while

improving agricultural productivity and protecting rural livelihoods. Scaling climate investment in this sector is therefore critical not only for emissions reductions but also for strengthening climate resilience and sustaining economic growth.

A significant portion of tracked finance, however, was categorized under unspecified mitigation activities or multi-objective interventions. Approximately 49% of flows were in unspecified mitigation categories, while a further 12% supported activities with multiple objectives across agriculture and forestry systems. This classification reflects the integrated nature of many land-use investments, where projects simultaneously support restoration, agricultural productivity, and climate mitigation. It also demonstrates the importance of analyzing across sectors to understand the full extent of investments in individual sector classifications.

While forestry-based mitigation plays an important role in Ethiopia's decarbonization pathway, the limited scale of investment targeting agricultural production systems suggests that mitigation opportunities in livestock management, soil practices, and climate-smart agriculture remain underdeveloped relative to their importance in the country's emissions profile. Prioritizing spending to sustainable agriculture initiatives and strengthening investment pipelines in these areas could help align mitigation finance more closely with the priorities outlined in Ethiopia's NDC 3.0.

Box 7. The Green Legacy and Degraded Landscape Restoration Special Fund

The recently launched Green Legacy and Degraded Landscapes Restoration Special Fund provides a significant opportunity to attract private, concessional, and results-based finance (FDRE, 2025b). Financed through annual federal budget allocations with a mandatory contribution of 0.5-1.0% (approximately USD 40-80 million) of domestic financial resources, this fund serves as a domestic financing anchor that could help catalyze larger-scale transformation in the sector. The initiative has planted over 32 billion seedlings to date, with a goal of achieving 50 billion by 2023. It has also created over 767,000 jobs across the sustainable land management value chain a lot of which are targeted at women and youth (Issayas and Lemma, 2025).

As a domestically anchored facility, the fund can play a catalytic role in mobilizing additional finance. By providing predictable public capital, it could be used to crowd in concessional and private investment through blended finance structures, support results-based payments linked to restoration outcomes, or de-risk early-stage investments in sustainable land use and agroforestry value chains.

In practice, the fund could support a range of investment models, including large-scale watershed restoration programs linked to water utilities, agroforestry and sustainable agriculture initiatives that improve productivity while enhancing carbon sequestration, and landscape-level projects that generate carbon credits under emerging carbon market frameworks.

If effectively operationalized, the fund could serve as a platform for aggregating projects, improving pipeline development, and aligning restoration efforts with Ethiopia's broader climate and development objectives.

Green Legacy Initiative Statistics (Green Legacy Initiative, 2025b; Issayas and Lemma, 2025):

- Total participants: 29,722,791
- Area covered (Ha): 294,072
- Site Locations: 13,084
- Total seedlings planted (2019-24): 32,137,950,000

OTHER SECTORS

Mitigation flows to ICT, buildings and infrastructure, and industry remain comparatively modest, despite their centrality to long-term structural decarbonization. This concentration suggests that while Ethiopia’s mitigation strategy recognizes economy-wide transformation under its NDC 3.0, capital deployment continues to prioritize large-scale electricity and energy generation over demand-side efficiency, industrial transformation, and digital enablement.

Mitigation flows to the buildings and infrastructure sector remain limited despite great emissions reduction potential. Urbanization and construction growth are accelerating energy demand, yet investment is largely directed toward energy supply rather than reducing consumption through improved building envelopes, passive cooling design, efficient lighting, or green building standards. Investments that lower lifecycle energy demand, particularly in public buildings, commercial real estate, and urban infrastructure, offer dual economic and emissions benefits but remain marginal in tracked flows. The prioritization of sectors like energy in terms of mitigation highlights the current prioritization of supply-side decarbonization rather than demand-side efficiency. Although this prioritization is important, this mitigation finance gap will need to be closed in the future as Ethiopia’s urban centers grow and develop.

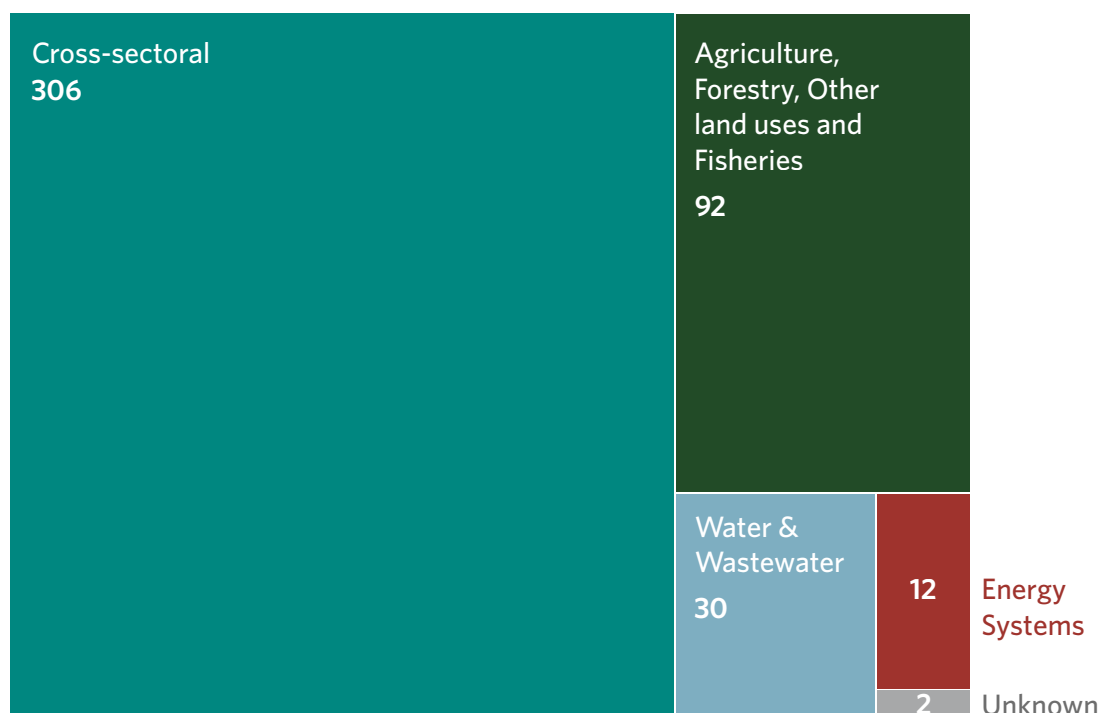
Mitigation finance flowing into industry remain small relative to the sector’s role in Ethiopia’s economic transformation agenda. Industrial parks, cement production, manufacturing, and agro-processing will drive future energy demand and emissions growth. Yet mitigation efforts—such as energy efficiency upgrades, waste-heat recovery, fuel switching, electrification of processes, and low-carbon industrial technologies—are not yet attracting capital at scale (Wolde *et al.*, 2025), and research in developing country contexts remains limited. This paper addresses the gap by investigating a broad range of barriers and drivers of decarbonization efforts in the Ethiopian Cement Industry (ECI). This may reflect limited availability of dedicated green industrial finance instruments, high upfront capital requirements, or weaker policy incentives for industrial decarbonization relative to renewable energy expansion. Although Ethiopia’s NDC 3.0 identifies industrial energy efficiency, fuel switching, and low-carbon technologies as priority mitigation actions, the limited scale of tracked mitigation finance flowing to industry suggests that implementation remains underdeveloped relative to the sector’s strategic importance in shaping Ethiopia’s long-term emissions trajectory (FDRE, 2025b).

5.3.3 DUAL-BENEFIT FINANCE

Activities targeting dual climate benefits (both adaptation and mitigation) received USD 443.2 million in 2022/23, accounting for 19% of total flows to Ethiopia in 2022/23. These investments went to programs that aim to simultaneously build climate resilience, reduce emissions, and pursue sustainable development.

Figure 20: Dual-benefit finance sectoral breakdown in 2022/23

USD million



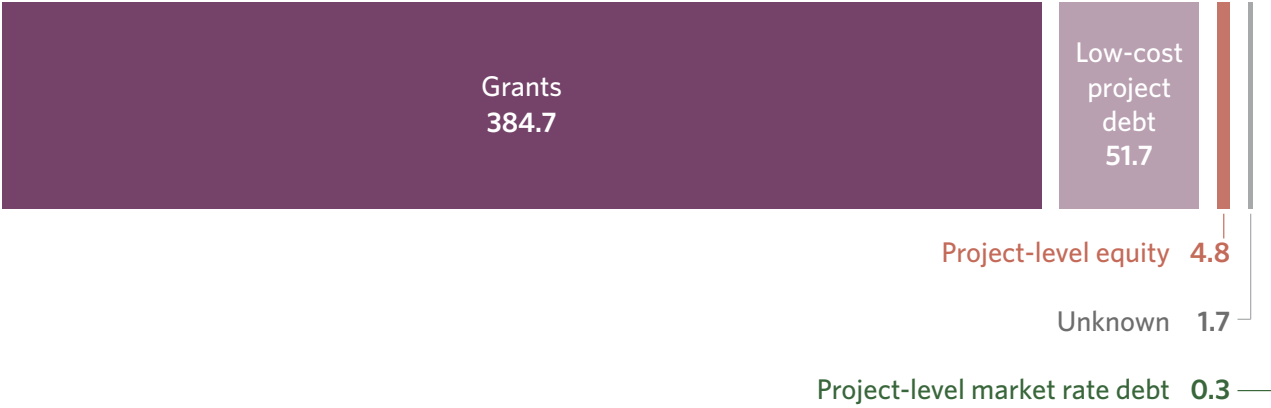
As with adaptation finance, cross-sectoral initiatives accounted for the largest share, focusing on policy support, institutional capacity building, and national budget programs that span sectors (see Figure 20). AFOLU received the second-largest share, reflecting its central role in linking adaptation, mitigation, and socioeconomic outcomes such as food security and employment. There was a sharp decrease in dual-benefit finance for AFOLU between 2020/21 and 2022/23, largely due to the completion of a large GCF project,⁸ comprising both a loan and a grant, and a decline in COVID-19-related development aid that mainstreamed climate action after 2022. On the other hand, the significant increase in flows to cross-sectoral initiatives stems from financing for food assistance to Ethiopia, as well as response, recovery, and resilience programs aimed at conflict-affected communities.

As shown in Figure 21, most dual-benefit financing (87%) was provided via grants and 12% through concessional debt from donor governments and multilateral DFIs.

⁸ The GCF Resilient Landscape and Livelihoods Project (FP136) was designed to improve climate resilience, land productivity, and carbon storage, while increasing diversified livelihood activities in vulnerable rural watersheds in Ethiopia. It comprised a GCF loan of USD 107 million and a grant of USD 58 million, co-financed through a USD 100 million loan and USD 22 million in grants. It should be noted that the project included both adaptation and dual-benefit finance. A such reference to the project is repeated but financial flows have not been double-counted.

Figure 21: Dual-benefit finance instruments (2022/23)

USD million



6. OPPORTUNITIES TO SCALE CLIMATE FINANCE

Despite Ethiopia's strong climate policy framework, including the CRGE Strategy, NDC 3.0, and the Ten-Year Development Plan, climate finance flows are significantly below what is required to achieve national climate objectives. Ethiopia's NDC 3.0 estimates annual climate finance needs of approximately USD 10.6 billion, yet recent inflows averaged only USD 2.3 billion per year in 2022/23, implying that financing needs to rise nearly fourfold. This gap reflects a combination of macroeconomic constraints, institutional and delivery capacity limitations, regulatory gaps, underdeveloped domestic financial markets, and nascent markets for climate-related technologies (such as electric vehicles). However, several opportunities exist to unlock climate finance flows and close the climate finance funding gap.

A. STRENGTHEN CLIMATE FINANCE GOVERNANCE TO ACCELERATE DELIVERY AND INVESTMENT READINESS

Climate finance governance in Ethiopia faces coordination challenges across the Ministry of Finance, Ministry of Planning and Development, CRGE institutions, and line ministries. Although the CRGE Forum and facility established a central coordination and financing mechanism, weak vertical coordination between planning, budgeting, and execution continue to delay project preparation and financing decisions. These challenges are particularly acute at the subnational level, where limited technical capacity and unclear institutional roles constrain delivery. While new coordination platforms and climate finance initiatives are emerging, their effectiveness depends on strong alignment with existing CRGE structures and Ethiopia's public financial management system; without this, there is a risk of institutional duplication rather than improved execution. Various stakeholders could implement the following actions to address these issues.

Key recommendations	Stakeholders	Implementation steps
Formalize climate finance coordination across planning, budgeting, and execution under the CRGE framework.	Government (Ministry of Finance; Ministry of Planning and Development; CRGE Facility; Line ministries)	Leverage the CRGE framework as an inter-ministerial mechanism with clear mandates and decision rights linking NDC planning, budget allocation (including climate budget tagging), and execution, aligned to public financial management processes.
Anchor delivery and on-lending functions in the Development Bank of Ethiopia (DBE) for priority NDC sectors.	Development Bank of Ethiopia; Ministry of Finance; Development partners	Strengthen the DBE's appraisal, aggregation, and on-lending capacity for concessional and blended finance; link platform pipelines to the DBE's financing and monitoring processes.

B. BUILD PROJECT PREPARATION AND INSTITUTIONAL AND SUBNATIONAL DELIVERY CAPACITY TO CONVERT POLICY AMBITION INTO IMPLEMENTABLE PIPELINES

Project preparation capacity remains a key constraint to scaling climate finance in Ethiopia. While ministries have developed strong policy frameworks and sector strategies, limited capacity for feasibility studies, financial structuring, safeguards, and risk allocation continues to constrain the development of investment-ready pipelines. These challenges are particularly pronounced at regional and local levels, where implementation capacity is critical for sectors such as agriculture, water management, resilience infrastructure, and distributed energy systems. The absence of standardized project preparation tools, clear reporting guidance, and consistent technical support further slows the conversion of policy priorities into financeable investments. Strengthening upstream project preparation and transaction structuring, including through targeted technical assistance from development partners, could accelerate pipeline development and improve the bankability of climate investments, particularly in high-emission sectors such as energy and AFOLU.

Key recommendations	Stakeholders	Implementation steps
Improve project preparation capacity and establish project preparation facilities across line ministries to increase bankability, particularly in the AFOLU sector (high emissions with low investment at present).	Line ministries; Development partners	Deploy targeted support for feasibility studies, financial structuring, safeguards and risk allocation, and results/MRV planning to improve pipeline quality and speed of financing decisions.
Strengthen subnational delivery capacity for climate investments.	Government (regional and local governments; Line ministries; Ministry of Finance)	Provide practical guidance, technical support, and reporting tools aligned with national priorities to improve preparation and execution of climate-relevant investments at the regional level.
Align emerging initiatives and coordination platforms with the CRGE and the public financial management system.	Government (Ministry of Finance; CRGE institutions; Ministry of Planning and Development) Development partners; Private sector (as relevant)	Reforms to the CRGE Forum, as Ethiopia's core climate investment coordination and project preparation vehicle; use it to screen and prioritize NDC-aligned projects, coordinate technical assistance, and structure blended finance/PPP transactions without duplicating CRGE functions.

C. STRENGTHEN CLIMATE FINANCE TRACKING, TRANSPARENCY, AND DATA CREDIBILITY

Ethiopia lacks a unified national climate finance tracking system that captures public, private, domestic, and international flows consistently. Climate budget tagging (CBT) was introduced in 2022, following a Ministry of Finance directive, but coverage remains uneven and is not yet fully linked to expenditure execution or results monitoring. Private sector climate finance data are even more limited, with current estimates largely derived from international datasets (e.g. OECD, MDBs). These data gaps constrain effective NDC investment planning and weaken investor confidence in national climate finance statistics (UNFCCC, 2025).

Key recommendations	Stakeholders	Implementation steps
Mainstream CBT across sector ministries and integrate it into execution and reporting systems.	Government (Ministry of Finance; Line ministries)	Extend CBT coverage and embed tags in budget execution and reporting so climate-relevant expenditures can be reconciled with actual spending and outputs.
Mainstream and embed gender-sensitive considerations and gender tagging into CBT frameworks.	Government (Ministry of Finance; Line ministries)	Extend CBT frameworks to ensure gender is tagged where relevant. This will signal progress on gender-responsive safeguards and considerations in budgets and project implementation.
Use CBT data to inform NDC investment planning, prioritization, and results monitoring.	Government (Ministry of Finance; Ministry of Planning and Development; CRGE institutions)	Build analytical capacity and processes to use CBT outputs for planning, budget decisions, monitoring, and reporting against NDC priorities.
Improve visibility of private climate finance flows in national statistics.	Financial regulators; Private financial institutions; Ministry of Finance	Strengthen domestic reporting to complement international datasets and reduce undercounting and double counting/multi-country attribution issues; improve transparency for investors and partners.

D. OPTIMIZE SCARCE PUBLIC RESOURCES THROUGH CATALYTIC DE-RISKING AND INNOVATIVE FISCAL INSTRUMENTS

Under NDC 3.0, Ethiopia expects approximately 22.5% of annual climate finance needs (over USD 2.4 billion per year) to come from domestic public sources (FDRE, 2025b). However, scaling public finance faces severe fiscal constraints: rising debt servicing (with external public debt payments projected to consume 13% of government revenue and 21% of exports during 2024–2028 (World Bank and IMF, 2025); a declining tax-to-GDP ratio from 12.4% in 2014/15 to 7.5% in 2022/23 (World Bank, 2025a); and growing dependence on volatile international public finance amid tightening donor budgets (UNDP, 2022). These pressures underscore the critical need for catalytic uses of limited public resources to unlock private capital and bridge the NDC financing gap.

Key recommendations	Stakeholders	Implementation steps
Explore innovative instruments to reduce fiscal pressure (e.g., debt-for-climate or debt-for-nature swaps).	Ministry of Finance; Development partners	Undertake feasibility and transaction design work; integrate with NDC priorities and debt sustainability objectives.
Use national vehicles (CRGE Facility; Green Legacy and Degraded Landscapes Restoration Fund) to mobilize private capital.	CRGE Facility; Green Legacy/land restoration fund managers; Development partners; Private investors	Deploy guarantees, first-loss capital, and aggregation mechanisms (SPVs/investment pools or platform-based mechanisms) to shift from small, planning-oriented grants toward scalable investment.
Reorient concessional finance toward catalytic uses (project preparation, de-risking, blended finance).	Climate funds; Development partners; Government	Prioritize concessional resources to improve bankability and reduce risk, enabling larger-ticket capital expenditure in resilient infrastructure and productive sectors.

E. UNLOCK INTERNATIONAL AND INSTITUTIONAL CAPITAL THROUGH ENABLING FRAMEWORKS AND DOMESTIC MARKETS

Private climate finance mobilization is constrained by high country and currency risk, regulatory uncertainty, weak MRV systems, and shallow financial markets. Ethiopia's "Selective Default" credit rating raises the cost of capital, while the absence of dedicated legal frameworks for carbon markets, green bonds, and climate-aligned financial instruments undermines investor confidence (FCDO). Weak MRV systems further reduce transparency, although initiatives such as UNDP's SCALA program are helping build capacity, particularly in AFOLU sectors (SCALA, 2025). Financial markets remain dominated by traditional banking, with limited climate lending products. However, partnerships between EIB Global and Ethiopian banks (Zemen, Dashen, Hibret) are beginning to address institutional capacity gaps (EIB, 2025).

Domestic institutional investors, particularly pension funds, represent a largely untapped source of long-term, local-currency climate finance. Historically, limited technical capacity and regulatory clarity constrained their participation in climate-aligned investments. This constraint is now beginning to ease as several efforts to strengthen Ethiopian capital markets are underway. In 2025, the Ethiopian Capital Market Authority (ECMA), together with IFC and the World Bank, delivered technical trainings to pension fund managers on asset allocation, fixed-income strategies, ESG integration, and climate-aware investment. The ECMA in collaboration with Genesis Analytics and FSD Ethiopia, has conducted market sizing for Ethiopian capital markets, as well as scoping studies on green and sustainable finance instruments and municipal bond issuance (Gebrewolde and Abegaz, 2024; Genesis Analytics, 2025a, 2025b). Additionally, FSD Ethiopia has developed an investment strategy for the two pension funds considering various asset classes and associated risk profiles (FSD Africa, 2024; ECMA, 2025). These efforts align with broader reforms under the National Bank of Ethiopia's Greening Financial Systems program, embedding climate risk into supervision and promoting green finance disclosure and product development (IKI, 2025).

Key recommendations	Stakeholders	Implementation steps
Finalize and operationalize legal and regulatory frameworks for carbon markets, green bonds (including private sector and sovereign), and climate-aligned instruments.	Ministry of Finance; National Bank of Ethiopia; Ethiopian Capital Market Authority (ECMA)	Adopt and implement enabling regulations (including standards, investor protections, benefit-sharing, where relevant) to reduce uncertainty and enable transactions.
Build technical capacity and establish effective monitoring, reporting and verification systems aligned to requirements for carbon credits, green and sustainability bond standards and other climate-aligned instruments.	Ministry of Finance; Ministry of Planning and Development; Ethiopian Environmental Protection Authority; National Bank of Ethiopia; ECMA; relevant sector ministries	Develop national MRV guidelines, clear institutional mandates, and standardized accounting/reporting frameworks aligned with Article 6 and sustainable finance standards. Strengthen institutional capacity for emissions measurement and reporting, and establish digital systems for tracking project-level emissions reductions and climate finance flows; and implement transparent project approval and credit authorization procedures to ensure transparency and avoid double counting.
Mobilize domestic institutional investors through capital markets and early-mover green issuances.	ECMA; Pension funds; Ethiopia Securities Exchange; Verification ecosystem (auditors/second-party opinions)	Develop green bond guidance and sustainable listings; support early issuances to catalyze confidence and expand local-currency climate finance.

Key recommendations	Stakeholders	Implementation steps
Strengthen banking sector capacity for climate lending and local-currency products.	National Bank of Ethiopia; Commercial banks; Development partners	Integrate climate risk into supervision and credit processes; allocate a portion of loanable funds to NDC-aligned projects; expand climate lending product development and risk-sharing facilities where needed.

F. SCALE FINANCE FOR UNDERFINANCED NDC 3.0 PRIORITY AND OTHER HARD-TO-ABATE SECTORS

Priority NDC3 sectors—including AFOLU/LULUCF, industry, water resilience, grid resilience, transport electrification, etc.—receive low climate finance relative to their USD 66.35 billion mitigation and USD 40 billion adaptation needs through 2030. For instance, industry is Ethiopia’s second-largest emitting sector after agriculture, offering major mitigation opportunities, productivity gains, and export competitiveness through decarbonizing cement, manufacturing, agro-processing, and industrial energy—particularly as global markets increasingly impose carbon-related standards. These sectors represent Ethiopia’s core mitigation and resilience priorities, yet lack bankable pipelines and financing architecture. Comprehensive sector-specific financing roadmaps—identifying lead agencies, prioritized instruments, costed pipelines, and financing responsibilities—can be instrumental in clarifying execution pathways across Ethiopia’s priority sectors.

Key recommendations	Stakeholders	Implementation steps
Develop bankable industrial decarbonization pipelines aligned with Ethiopia’s industrialization and green growth objectives.	Government (Ministry of Industry; Ministry of Finance); Private sector	Prepare costed pipelines for energy efficiency, fuel switching, electrification, and low-carbon processes; sequence projects for rapid implementation.
Deploy blended finance and concessional de-risking.	Climate funds; Development partners; DFIs; Private investors	Structure blended finance to crowd in private capital and manage technology and offtake risks.
Leverage international partnerships for technology transfer and project preparation (e.g., UNIDO-led programs).	UNIDO; Development partners; Government; Private sector	Use technical assistance for project preparation, standards, and technology deployment; integrate with national pipeline and financing platforms.

7. CONCLUSION

Ethiopia is at a pivotal point in its climate and development trajectory. Climate impacts are affecting economic performance, infrastructure, and livelihoods. This report's analysis shows that Ethiopia has made progress in moving from climate strategy to implementation, supported by an increasingly investment-oriented policy framework under the CRGE and NDC 3.0. However, climate flows remain well below what is required to deliver these ambitions, with a persistent gap across both mitigation and adaptation, and a strong reliance on international public finance.

The composition of climate finance highlights both priorities and constraints. Adaptation and cross-sectoral investments dominate current flows, reflecting Ethiopia's high vulnerability and the centrality of agriculture, land use, water, and resilience-oriented programs. By contrast, mitigation finance, particularly for energy diversification beyond hydropower, low-carbon transport, industry, and productive AFOLU systems, remains limited relative to needs. Across sectors, finance is overwhelmingly provided by international public actors through grants and concessional instruments, while domestic public spending is constrained and private investment remains small and concentrated in a narrow set of activities. This pattern underscores the limited depth of domestic financial markets, the early stage of capital market development, and the continued challenges of translating sectoral ambition into bankable, scalable investment pipelines.

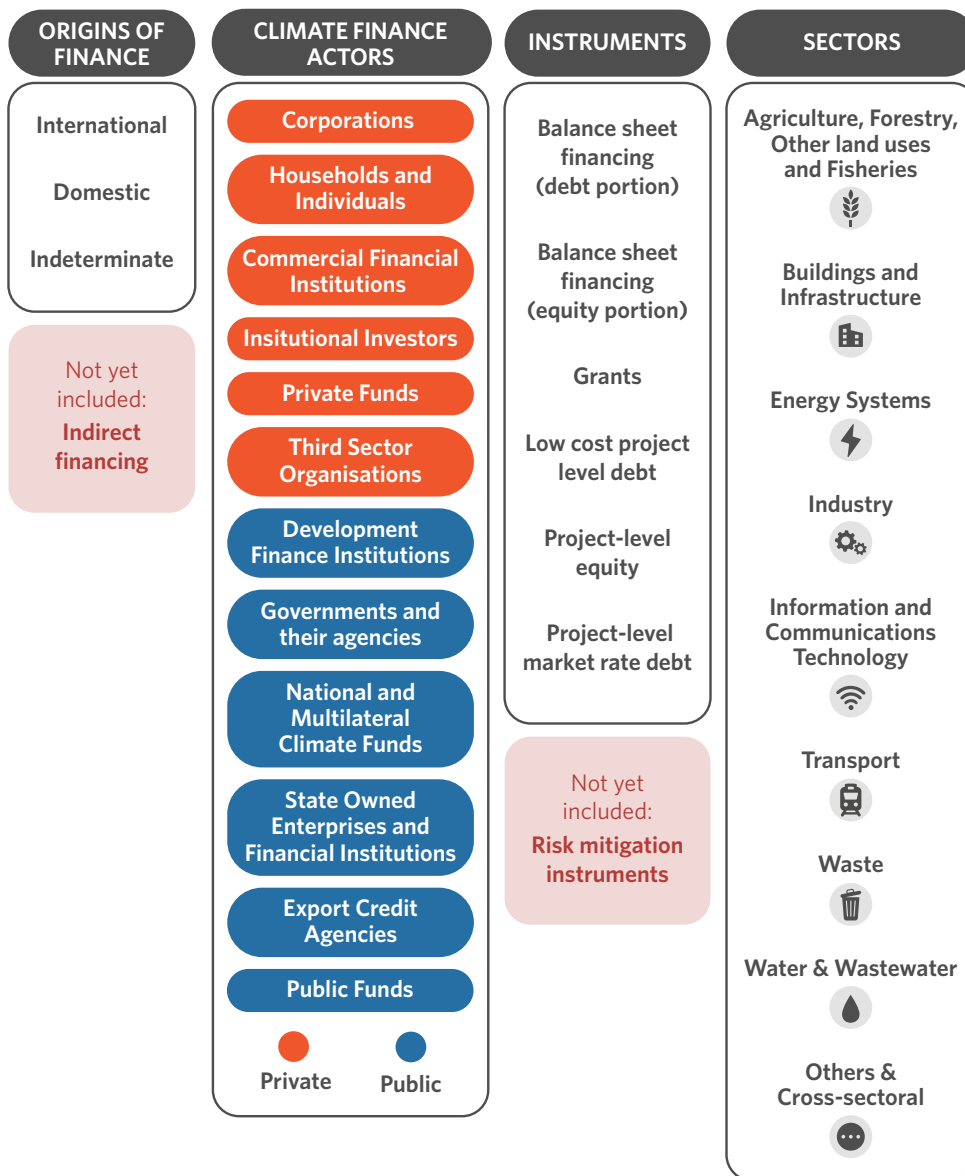
Looking ahead, closing Ethiopia's climate finance gap will depend on strengthening institutions and reorienting how scarce public and concessional resources are used. Priorities include improving coordination and execution under the CRGE framework, strengthening project preparation and aggregation in priority sectors, and embedding climate finance tracking more firmly within public financial management systems. At the same time, emerging reforms—such as financial sector greening, capital market development, carbon market readiness, and green public investment—create opportunities to crowd in domestic and private capital if paired with effective de-risking and delivery mechanisms. If these reforms are sustained and aligned with sector-specific investment pathways, Ethiopia can shift from fragmented flows toward more predictable, scalable climate finance that supports resilient, inclusive, and low-emissions growth.

8. ANNEX

ANNEX 1

Consistent with CPI’s Global Landscape of Climate Finance (GLCF) methodology, this study tracks climate finance commitments, rather than disbursements. For full details on the framework, taxonomy, and tracking principles, refer to [the Global Landscape of Climate Finance methodology](#) (CPI, 2025) and [the Landscape of Climate Finance in Africa methodology](#) (CPI, 2024).

Figure 22: Climate finance tracking framework adapted from the GLCF methodology 2025



Box 8. Definition of climate finance

CPI's working definition for tracking global climate finance flows aligns with the recommended operational definition of the UNFCCC Standing Committee on Finance (SCF). The most recently updated working definition is: *Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases, aims at reducing vulnerability, increasing adaptive capacity, and mainstreaming and increasing resilience of human and ecological systems to negative climate change impacts.*

In line with CPI's tracking principles (CPI, 2025), investments are classified as follows:

Mitigation: Resources directed to activities either: contributing to reducing or avoiding GHG emissions, including gases regulated by the Montreal Protocol; or maintaining or enhancing GHG sinks and reservoirs.

Adaptation: Resources directed to activities aimed at reducing the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.

Dual-benefit: Resources directed to activities contributing to both "climate change mitigation" and "climate change adaptation" and meeting the respective criteria for each category.

ANNEX 2

Data was sourced primarily from CPI's Global Landscape repository, drawing on datasets and providers including BNEF, IJGlobal, OECD data, CPI surveys to multilateral, bilateral, and national development financial institutions (DFIs), and climate funds reporting, among others. Additional datasets were incorporated to strengthen coverage across sectors and instruments. International sources also provide complementary coverage of private finance flows, including LGX DataHub (green bonds), The Big Deal (private venture capital), and the World Bank's Private Participation in Infrastructure (PPI) database, as well as OECD data on private finance mobilized. Together, these sources support the most comprehensive picture possible of climate finance across public and private actors.

Box 9. Reporting on OECD Data**OECD Principal, Significant or Not Targeted**

Coefficients to the total USD value are applied to OECD data to estimate climate finance flowing from these countries. In most cases, where the data is categorized as Principal (i.e. when the objective (climate change mitigation or adaptation) is explicitly stated as fundamental in the design of, or the motivation for, the activity), 100% of the USD value is considered as climate finance. However, where it is categorized as "Significant" (i.e. when the objective (climate change mitigation or adaptation) is explicitly stated but it is not the fundamental driver or motivation for undertaking the project), coefficients are applied to the data based on country, use (mitigation, adaptation, biodiversity, cross-cutting) to ensure that a conservative estimate of the climate "portion" of a project value is captured.

OECD Private Finance Mobilized

This OECD database provides an understanding of private finance mobilized through official development finance interventions by provider and leveraging mechanism. The leveraging mechanism is included in the data, but not the exact instrument used to mobilize the investment. As such, in addition to identifying which proportions of these flows should be included as climate finance, the data is categorized according to the CPI landscape taxonomy. However, when it comes to instruments, as the data only shows the leveraging mechanism, the actual instrument used to mobilize these funds is shown as unknown.

9. REFERENCES

Appiah, C.E. *et al.* (2025) "Improving smallholder farmers' access to and utilization of climate information services in sub-Saharan Africa through social networks: A systematic review," *Climate Services*, 37, p. 100528. Available at: <https://doi.org/10.1016/j.cliser.2024.100528>.

Climate Action Tracker (2025) *Ethiopia*. Available at: <https://climateactiontracker.org/countries/ethiopia/> (Accessed: February 26, 2026).

CPI (2025) *Global Landscape of Climate Finance 2025*. Climate Policy Initiative. Available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2000/06/compressed_Global-Landscape-of-Climate-Finance-2025.pdf.

Dessie, N.A. (2025) "The role of Ethiopian women on climate change adaptation and mitigation using soil and water conservation: study from the Delanta District South Wollo Zone," *Agriculture & Food Security*, 14(1), p. 38. Available at: <https://doi.org/10.1186/s40066-025-00547-y>.

Dominick Dusseau *et al.* (2025) *Climate Risk Assessment - Ethiopia*. Woodwell Climate Research Center.

EAA (2022) *Carbon Market Profile: Ethiopia*. Available at: https://climatefinanceinnovators.com/wp-content/uploads/2023/06/Carbon-Report_-Ethiopia_2023.pdf.

ECMA (2025) "ECMA and World Bank Hold Strategic Session on Expanding Collaboration - Ethiopian Capital Market Authority." Available at: <https://ecma.gov.et/2025/10/06/ecma-and-world-bank-hold-strategic-session-on-expanding-collaboration/> (Accessed: March 20, 2026).

EPA and Federal Democratic Republic of Ethiopia (2011) *Ethiopia's Climate-Resilient and Green Economy Strategy*.

Ethiopia Economic Outlook (no date) *African Development Bank*. Available at: <https://www.afdb.org/en/countries/east-africa/ethiopia/ethiopia-economic-outlook> (Accessed: November 18, 2025).

Ethiopian Electric Utility (2023) *Ethiopian Electric Utility Portal, Ethiopian Electric Utility*. Available at: <https://www.eeu.gov.et/document/detail/578> (Accessed: March 1, 2026).

Ethiopian Policy Institute (2025a) "IMF Evaluation: 'Support to Vulnerable Segments of Ethiopian Society is Insufficient,'" *Ethiopian Policy Institute*, 23 January. Available at: <https://ethiopianpolicy.com/2025/01/23/imf-evaluation/> (Accessed: December 23, 2025).

Ethiopian Policy Institute (2025b) "The Need to Protect the Vulnerable Amid Economic Turmoil in Ethiopia," *Ethiopian Policy Institute*, 27 January. Available at: <https://ethiopianpolicy.com/2025/01/27/the-need-to-protect-the-vulnerable-amid-economic-turmoil-in-ethiopia/> (Accessed: December 23, 2025).

European Commission Joint Research Centre (2025) "GHG emissions of all world countries: 2025." LU: Publications Office. Available at: <https://data.europa.eu/doi/10.2760/9816914> (Accessed: March 30, 2026).

European Investment Bank (2025) *Ethiopia Unveils Strategic Initiative to Green Its Financial System and Drive Sustainable Investment*, European Investment Bank. Available at: <https://www.eib.org/en/press/all/2025-211-ethiopia-unveils-strategic-initiative-to-green-its-financial-system-and-drive-sustainable-investment> (Accessed: November 13, 2025).

Fana Media Corp (2024) "Ethiopia sets a rapid pace for electric mobility transition in Africa," *Welcome to Fana Media Corporation S.C*, 13 May. Available at: <https://www.fanamc.com/english/ethiopia-sets-a-rapid-pace-for-electric-mobility-transition-in-africa-report/> (Accessed: November 18, 2025).

FAO (2025) *Ethiopia at a glance | FAO in Ethiopia | The Food and Agriculture Organization of the United Nations, FAO in Ethiopia*. Available at: <https://www.fao.org/ethiopia/our-office/ethiopia-at-a-glance/en> (Accessed: February 25, 2026).

Federal Democratic Republic of Ethiopia (2019) *National Adaptation Plan*. Ethiopia Environment, Forest and Climate Change Commission.

Federal Democratic Republic of Ethiopia (2020) *Climate Resilient Green Economy (CRGE) Facility Gender Mainstreaming Strategy*. CRGE. Available at: https://www.mofed.gov.et/media/filer_public/34/21/342166cd-bb00-4e0a-aa9d-ceb79137e12f/ethiopia_crge_gender_mainstreaming_strategy_final_doc.pdf.

Federal Democratic Republic of Ethiopia (2021) *Updated Nationally determined contributions*. Available at: https://unfccc.int/sites/default/files/NDC/2022-06/Ethiopia%27s%20updated%20NDC%20JULY%202021%20Submission_.pdf.

FSD Africa (2024) *Catalysing Africa's growth through sustainable capital markets*.

Gebrewolde, T.M. and Abegaz, G.A. (2024) *Potential Market Size Estimation and Projection for the Developing Ethiopia Capital Market*. Addis Ababa.

Genesis Analytics (2025a) *Scoping Study on the Issuance of Municipal Bonds in Ethiopia*.

Genesis Analytics (2025b) *Scoping Study Report: Feasibility of Green and Sustainable Finance Instruments in Ethiopia*.

GGGI (2025) "Enhancing Access to Climate Finance for Ethiopia," GGGI - Global Green Growth Institute. Available at: <https://ggi.org/project/enhancing-access-to-climate-finance-for-ethiopia/> (Accessed: November 20, 2025).

Government of India (2024) "Revised list of activities under bilateral/ cooperative approaches in India under Article 6.2 mechanism of Paris Agreement - reg."

Green Legacy Initiative (2025a) *Green-Legacy Initiative*. Available at: <https://ethio-greenlegacy.et/> (Accessed: March 19, 2026).

Green Legacy Initiative (2025b) *Green-Legacy One Day Data*. Available at: <https://ethio-greenlegacy.et/oneday%20dashboard> (Accessed: March 19, 2026).

Hansson, P. (2022) *E-vehicles exempted from tax in Ethiopia, EfD*. Available at: <https://www.efdinitiative.org/news/e-vehicles-exempted-tax-ethiopia-ige-fellow-wrote-proposal> (Accessed: November 18, 2025).

Hill, R. and Fuje, H. (2020) *What Is the Impact of Weather Shocks on Prices? Evidence from Ethiopia*. Working Paper 9389. World bank Group - Poverty and Equity Global practice.

Hirut Getachew Feleke *et al.* (2025) "Climate on the Edge: Impacts and Adaptation in Ethiopia's Agriculture," *Sustainability* [Preprint], (Advances in Sustainable Climate Change Adaptation Research and Technology).

Hochet-Bodin, N. (2024) "Ethiopia, the first country in the world to ban the import of gasoline and diesel vehicles," *Le Monde*, 13 September. Available at: https://www.lemonde.fr/en/le-monde-africa/article/2024/09/13/ethiopia-the-first-country-in-the-world-to-ban-the-import-of-gasoline-and-diesel-vehicles_6725856_124.html (Accessed: November 18, 2025).

IEA (2025a) *Ethiopia - Countries & Regions - Electricity Sources*, IEA. Available at: <https://www.iea.org/countries/ethiopia/electricity> (Accessed: November 20, 2025).

IEA (2025b) *Ethiopia - Countries & Regions - Energy Mix*, IEA. Available at: <https://www.iea.org/countries/ethiopia> (Accessed: November 20, 2025).

IEA (2025c) *Tax reform for electric vehicles – Policies*, IEA. Available at: <https://www.iea.org/policies/25979-tax-reform-for-electric-vehicles> (Accessed: March 17, 2026).

IKI (2025) *Greening Financial Systems Programme*, International Climate Initiative. Available at: <https://www.international-climate-initiative.com/en/project/greening-financial-systems-programme-21-i-480-global-m-greening-financial-systems/> (Accessed: February 25, 2026).

IMF (2011) "Fiscal Policy and the Current Account." Available at: <https://www.imf.org/external/np/seminars/eng/2010/eui/pdf/abh.pdf>.

IMF (2024) *The Federal Democratic Republic of Ethiopia*, IMF. Available at: <https://www.imf.org/en/countries/eth> (Accessed: March 1, 2026).

IMF (2025) "The Federal Democratic Republic of Ethiopia: 2025 Article IV Consultation, Third Review Under the Extended Credit Facility Arrangement, and Financing Assurances Review- Press Release; Staff Report; Staff Supplement; and Statement by the Executive Director for The Federal Democratic Republic of Ethiopia," *IMF Staff Country Reports*, 2025(188). Available at: <https://doi.org/10.5089/9798229017541.002.A001>.

INFF (2025) *Inside INFFs: Experience from the Ethiopia Ministry of Finance*. INFF. Available at: <https://www.inff.org/news/inside-inffs-experience-from-the-ethiopia-ministry-of-finance> (Accessed: February 27, 2026).

Insight, A. (2025) "Ethiopia's Government Officially Ends Fuel Subsidy: Prices to Follow Global Market Rates," *Addis Insight*, 21 June. Available at: <https://www.addisinsight.net/2025/06/21/ethiopias-government-officially-ends-fuel-subsidy-prices-to-follow-global-market-rates/> (Accessed: November 18, 2025).

International Food Policy Research Institute (2025) "Productive Safety Net Program (PSNP)." Available at: <https://essp.ifpri.info/productive-safety-net-program-psnp/> (Accessed: December 22, 2025).

IRENA (2025) *Ethiopia - Energy Profile*. Available at: https://www.irena.org/-/media/Files/IRENA/Agency/Statistics/Statistical_Profiles/Africa/Ethiopia_Africa_RE_SP.pdf.

Issayas, T. and Lemma, Y.S. (2025) "Ethiopia Invests Big in Restoring Degraded Land." Available at: <https://www.wri.org/insights/ethiopia-invests-big-restoring-degraded-land> (Accessed: March 19, 2026).

Linge, I. (2025) *Ethiopia is Advancing With the Opening of Its Banking Sector to Foreign Investors, But Under Tight Control*, Ecofin Agency. Available at: <https://www.ecofinagency.com/news-finances/2110-49730-ethiopia-is-advancing-with-the-opening-of-its-banking-sector-to-foreign-investors-but-under-tight-control> (Accessed: November 18, 2025).

Mekonnen, T.W. et al. (2022) "Assessment of Impacts of Climate Change on Hydropower-Dominated Power System—The Case of Ethiopia," *Applied Sciences*, 12(4). Available at: <https://www.mdpi.com/2076-3417/12/4/1954>.

Ministry of Planning and Development (2025) *Stocktake of Climate Change Adaptation Interventions in Ethiopia*. Federal Democratic Republic of Ethiopia.

MoPD (2025) *Ethiopia's Carbon Market Strategy (2025-2035)*. Addis Ababa. Available at: https://unfccc.int/sites/default/files/resource/CiACA_Ethiopia_Carbon-Market-Strategy_2025.pdf.

MoTL (2025) *ETHIOPIA E-MOBILITY STRATEGY AND IMPLEMENTATION PLAN*. Federal Democratic Republic of Ethiopia. Available at: https://www.motl.gov.et/sites/default/files/resource/V4_Oct%2010_E-mobility%20Strategy%20and%20Implementation%20Plan.pdf.

Nate Vernon et al. (2023) *IMF Fossil Fuel Subsidies Data: 2023 Update*. WP/23/169. IMF. Available at: <https://www.imf.org/-/media/files/publications/wp/2023/english/wpiea2023169-print-pdf.pdf?>

NDC Partnership (2025) *Government of Ethiopia Launches Clean Cooking Roadmap to Advance Health and Climate Goals*. Available at: <https://ndcpartnership.org/news/government-ethiopia-launches-clean-cooking-roadmap-advance-health-and-climate-goals> (Accessed: December 18, 2025).

Ritchie, H., Roser, M. and Rosado, P. (2020) "CO₂ and Greenhouse Gas Emissions," *Our World in Data* [Preprint]. Available at: <https://ourworldindata.org/co2/country/ethiopia> (Accessed: November 18, 2025).

StockMarket.et (2025) "Ethiopia Ends Fuel Subsidy," *StockMarket.et*, 22 June. Available at: <https://www.stockmarket.et/ethiopia-ends-fuel-subsidy/> (Accessed: November 18, 2025).

The Federal Democratic Republic of Ethiopia (2023) *Ethiopia's long-term low emission and climate resilient development strategy (2020-2050)*.

The Federal Democratic Republic of Ethiopia (2025a) *Ethiopia's Nationally Determined Contribution 3.0 (2025-2030)*, p. 29. Available at: <https://unfccc.int/sites/default/files/2025-09/Ethiopia%20NDC%203.0%20Final.pdf> (Accessed: November 7, 2025).

The Federal Democratic Republic of Ethiopia (2025b) *Ethiopia's Nationally Determined Contribution 3.0 (2025-2030)*, p. 29. Available at: <https://unfccc.int/sites/default/files/2025-09/Ethiopia%20NDC%203.0%20Final.pdf> (Accessed: November 7, 2025).

The Nature Conservancy (2025) *Article 6 Explainer*. Available at: <https://www.nature.org/content/dam/tnc/nature/en/documents/c/m/CM-TNC-Article-6-Explainer.pdf>.

UNDP (2022) *Crisis, Resilience and Opportunity: Poverty, Human Development, and the Macro-Economy in Ethiopia, 2020-23*.

UNDP (2025) "Financing Ethiopia's Green Transition." Available at: https://www.undp.org/sites/g/files/zskgke326/files/2025-01/undp-working_paper_series-financing_ethiopias_green_transition_5c_final.pdf.

US Department of State (2024) *2024 Investment Climate Statements: Ethiopia, 2024 Investment Climate Statements: Ethiopia*. Available at: <https://www.state.gov/reports/2024-investment-climate-statements/ethiopia/> (Accessed: February 25, 2026).

Wolde, M.G. et al. (2025) "Strategies for decarbonizing the cement industry in Ethiopia: Investigating the barriers and drivers," *Energy Reports*, 14, pp. 2514–2534. Available at: <https://doi.org/10.1016/j.egy.2025.09.028>.

World Bank (2021) *Climate Risk Country Profile: Ethiopia*.

World Bank (2022) *World Bank Open Data - GDP (Current US\$) - Ethiopia, World Bank Open Data*. Available at: <https://data.worldbank.org> (Accessed: November 7, 2025).

World Bank (2023) *World Bank Open Data - Access to electricity (% of population) - Ethiopia, World Bank Open Data*. Available at: <https://data.worldbank.org> (Accessed: November 7, 2025).

World Bank (2025a) "Ethiopia Country Climate and Development Report." Available at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/715c3822-4a9d-437f-8b3c-89585f7fe3b0/content>.

World Bank (2025b) *Mission 300 is Powering Africa: Connecting 300 million People to Electricity*. Available at: <https://thedocs.worldbank.org/en/doc/1970c2730f67dfad84ed66cfdb14b43a-0360012025/mission-300-is-powering-africa-connecting-300-million-people-to-electricity> (Accessed: March 1, 2026).

World Bank (2025c) *World Development Indicators | DataBank - Debt Service on External Debt, World Development Indicators | DataBank - Debt Service on External Debt*. Available at: <https://databank.worldbank.org/reports.aspx?country=ETH&series=DT.TDS.DECT.CD&source=2> (Accessed: February 20, 2026).

World Bank Group (2015) *Addis Ababa, Ethiopia: Enhancing Urban Resilience*. Text/HTML. Available at: <https://www.worldbank.org/en/topic/urbandevelopment/publication/addis-ababa-ethiopia-enhancing-urban-resilience> (Accessed: March 2, 2026).

World Bank and IMF (2025) *The Federal Democratic Republic of Ethiopia: Joint World Bank-IMF Debt Sustainability Analysis*. Available at: <https://documents1.worldbank.org/curated/en/099091725182560879/pdf/BOSIB-9b099c36-ec91-4c49-a173-24653c9e3697.pdf?>

climatepolicyinitiative.org