

Climate Financing in Cameroon: Challenges, Initiatives, and Priorities for The Private Sector

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Introduction

[Climate change directly affects over 70% of Cameroon's population](#), mainly in the agricultural and forestry sectors. While the country has integrated climate change into its sectoral strategies, the financial needs remain immense if it is to achieve its climate objectives. These ambitions require the mobilization of substantial public and private capital. According to [the Climate Policy Initiative](#), Cameroon needs 60, 293.1 million USD to tackle climate change, but has mobilized only 390.5 million USD in 2022, of which only 2.6% came from the private sector.

The challenges of attracting private investment remain considerable. Inadequate infrastructure, the risk perceived by investors, and the lack of suitable financial mechanisms are holding back their commitment ([BAD, 2023](#)). However, initiatives are emerging, such as impact investment funds and public-private partnerships, which are enabling the development of projects focused on renewable energies, sustainable agriculture and industrial decarbonization. These initiatives, when well structured, can not only meet climate needs, but also generate social and economic benefits for local communities. This brief analyzes private sector participation in climate financing, current initiatives to bridge the gap, key sectors and private sector mobilization, followed by recommendations.

1. Private Participation Still Marginal

Climate financing in Cameroon is largely dominated by public flows and international funds, with the private sector lagging behind. The country needs to mobilize around \$58 billion for adaptation and mitigation measures over the next ten years ([BAD, 2023](#)). Failure to do so could result in a significant economic loss of up to 10% of GDP by 2050. In 2022, only 2.6% of climate funds mobilized in Cameroon came from the private sector, out of a total of USD 390.5 million mobilized for climate ([BAD, 2023](#)).

There are several reasons for this. Firstly, there is a [lack of awareness among private players of the economic opportunities of green growth](#), such as renewable energies and clean technologies. Financial and tax incentives remain insufficient to encourage companies to invest in climate initiatives. For example, few companies benefit from tax credits for green projects.

In addition, Cameroon's private sector is largely made up of SMEs, which often lack the capital and technical support to commit to climate projects. Local banks, although developing in terms of climate finance, are reluctant to provide significant financing due to perceptions of the high risks associated with green projects.

This situation highlights the urgency of getting private investors more involved in the national climate effort, despite the existence of promising initiatives.

2. Current initiatives: encouraging milestones

2.1. ICLEI Africa

The private sector plays a dormant role in climate finance in Cameroon, but there are a number of projects and initiatives that seek to increase private sector financing. For example, [the BRIDGE project, launched by ICLEI Afrique](#), is an innovative initiative to boost inclusive climate finance and promote gender equality in Cameroon. The project, funded by the Dutch Ministry of Foreign Affairs and the International Development Research Centre (IDRC), will lay the foundations for gender-sensitive bank participation in climate finance.

2.2. International Monetary Fund

[The \\$184 million Resilience and Sustainability Facility \(RSF\) aims to help Cameroon adapt to and mitigate the impacts of climate change](#), improve governance and integrate climate policies into public finance management. The RSF can encourage private sector participation by providing risk mitigation tools and guarantees, enabling the private sector to participate in climate finance projects. This is already the case at the Inter-American Development Bank, and other authorities are working to set up a project preparation facility that could mobilize up to \$1.2 billion in private sector resources. The Cameroonian government can work with local banks to finance climate adaptation projects on a gender-balanced basis, while using the fund to provide guarantees. At the same time, [the Green Fund for Climate Projects \(CFAN\)](#) is expanding in Cameroon to help develop climate change adaptation projects.

2.3. Roadmap for the Circular Economy

[On October 22, 2024, Cameroon launched the development of its national circular economy roadmap](#), with financial support from the African Development Bank, via the African Circular Economy Facility (ACEF), and in collaboration with the African Circular Economy Alliance (ACEA).

This initiative aims to integrate the principles of the circular economy into national development, by setting ambitious targets for 2035. These include increasing the contribution of the circular economy to economic transformation, job creation and the restoration of natural ecosystems. [Cameroon also plans to integrate 25% renewable energies into its energy mix by 2035 and reduce its greenhouse gas emissions by 35% by 2030](#), in line with its Nationally Determined Contribution.

The roadmap will serve as a political and normative framework for identifying investment opportunities and mobilizing financing for circular projects. It also aims to involve the private sector and other players in key high-value-added sectors.

3. Key Sectors for Investment

3.1. Agriculture

The agricultural sector employs over 60% of the working population in Cameroon. It provides 1/3 of the country's foreign currency and 15% of its budget revenues (INS, 2019). These data reflect the importance of agriculture to the Cameroonian economy. However, this sector is hard hit by the effects of climate change; [it is the sector most exposed to and most affected by the consequences of climate change](#). To make it more resilient in the face of this risk, targeted investments need to be initiated and implemented. These should focus first and foremost on training farmers in the use of sustainable farming methods. Investments should also focus on scientific research, in particular on the development of seeds capable of coping with climatic hazards ([World Bank, 2020](#)). The private sector should support farmers in their transition to a more sustainable agricultural model, such as vertical farming, drought- and flood-resistant agriculture, etc.

3.2. Cities and Infrastructure

Current forecasts suggest that, by 2050, Cameroon's population will be close to 50 million. In addition to this, and following the same logic, its urban population will increase from 11 million to around 21 million, or 65% of the country's population at that time ([UN-HABITAT, 2016](#)). The increase in the urban population means that these areas are vulnerable to the effects of climate change. This vulnerability presents itself through greater exposure to cataclysmic phenomena ([World Bank, 2017](#)). This calls for investment in infrastructure, particularly in the energy sector, to support climate resilience. This calls for investments in the production and use of green, non-polluting energies. Investments should also be directed towards building an adequate and reliable road system capable of withstanding the vagaries of climate change, and incorporating the aspect of long-term sustainability.

3.3. Forests and Land Use

According to data from the World Bank, around 43% of the country's surface area is covered by forests ([Logo, 2022](#)). Forests are therefore an important resource, both for the population as a source of food and sustenance, and for the country's economic growth, on which a significant proportion of exports depend. These forests are subject to the somewhat harmful actions of man. In view of the fact that forests represent an important resource in the fight against climate change, it is important that action be taken in this direction ([PNACC, 2015](#)). This means funding training in the use of sustainable farming methods, in particular reforestation, as well as the use of fallow land to revitalize the soil. We also need to fund [projects to strengthen the skills of forestry administrations in monitoring forest management](#).

4. Towards Greater Mobilization of the Private Sector

Mobilizing the private sector in climate financing in Cameroon is an urgent necessity to meet the challenges posed by climate change. Indeed, the financing gap to reach national climate targets, as defined in the Nationally Determined Contributions (NDCs), remains considerable ([NDC Revised 2021](#)). The private sector, as a driver of innovation and investment, can play a key role in supplementing limited public funding.

However, a number of challenges stand in the way of this mobilization. [The regulatory and institutional environment hinders private sector development](#) and is not robust enough to attract a substantial level of private investment. In addition, SMEs, which make up a significant part of the economic fabric, often lack technical capacity and access to financing ([BAD, 2023](#)). Opportunities related to green technologies, renewable energies and sustainable agriculture remain under-exploited ([Thang et al., 2022](#)).

Despite these constraints, promising initiatives are emerging. For example, [banks such as Attijariwafa Bank are financing renewable energy and energy efficiency projects](#). In addition, [platforms such as COMIFAC and the Banque de Développement des Etats d'Afrique Centrale \(BDEAC\)](#) are developing public-private partnerships to support businesses and structure climate projects. Numerous private-sector projects are emerging to accelerate the fight against climate change and other environmental challenges.

Recommendations

Derisking: private investors can finance adaptation-related projects on perfectly commercial terms [if returns are stable](#). However, the uncertain financial value of many adaptation measures means that private players may need additional incentives to finance such initiatives.

Using public financial resources to reduce the risks associated with investment opportunities for private investors: "blended finance", which improves the risk-return characteristics of an investment by bringing together capital with different expectations of financial and non-financial returns within an investment structure. Such an approach can help alleviate concerns about financial uncertainty and knowledge gaps, thus mobilizing private capital that would not otherwise be available.

Strategic partnerships can trigger a virtuous circle

Beyond mobilizing additional capital for climate adaptation, public-private partnerships can also deliver significant non-financial benefits. Strategic partnerships reduce the knowledge and unfamiliarity gap for private investors, as development finance institutions and donor countries have decades of experience and expertise working directly with developing country governments and understand their markets. On the other hand, private investment brings not only additional capital, but also entrepreneurship, efficiency and

innovation. This can trigger a virtuous circle by boosting investor confidence in new opportunities and approaches. These cumulative benefits help to lower existing barriers to private investment in adaptation.

Conclusion

The fight against climate change in Cameroon depends on increased and effective mobilization of both public and private capital. While government initiatives and international funding currently dominate the landscape, the role of the private sector remains largely under-exploited. Challenges linked to an inadequate regulatory environment, low SME capacity, and high-risk perceptions hamper the engagement of private investors. However, initiatives such as ICLEI Africa's BRIDGE project and the Resilience and Sustainability Fund show that solutions exist to catalyze private sector participation. It is therefore imperative to strengthen financial and fiscal incentives, promote public-private partnerships, and adopt innovative mechanisms such as blended finance to reduce risk.

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