



# REPORT

## Striking the Right Balance: Aligning Climate Mitigation and Nature-Based Adaptation Financing

SAIIA, Online

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On 12 February 2026, the South African Institute of International Affairs (SAIIA), in partnership with DNA Economics and the French Development Agency convened a webinar to discuss how climate finance systems must evolve to better support adaptation and resilience investments, particularly in countries already facing severe climate impacts. The discussion focused on the persistent imbalance between mitigation and adaptation finance, including financing for nature-based adaptation solutions, and explored how public and private sectors can better align investment strategies to mobilise capital at scale.

The event brought together experts from research and finance institutions, including Shirley Robinson and Dominic Ramos (DNA Economics), Kristen Pearson (SAIIA), and Dr Jeremy Gorelick (Green Finance Institute).

Participants stressed that climate change is no longer a future threat but an immediate economic reality in many African countries. Floods, droughts and extreme weather events are already damaging infrastructure, disrupting livelihoods and placing increasing pressure on public finances. Reconstruction costs continue to rise as infrastructure must now be rebuilt to withstand climate shocks, yet preventive investments continue to be insufficient compared to emergency response spending. Although capital exists globally, adaptation projects often struggle to attract financing because public sector priorities and private investment requirements remain poorly aligned.

A central theme of the discussion was the persistent imbalance between mitigation and adaptation investments. Climate finance continues to flow predominantly toward decarbonisation sectors such as renewable energy and clean technologies, largely because these sectors offer predictable revenue streams and commercially attractive returns. Adaptation projects, by contrast, tend to generate value through avoided losses rather than direct income, making them less appealing to private investors. Consequently, adaptation initiatives are still largely financed by governments and development institutions, particularly at municipal level. Long project timelines, weak municipal finances and planning mismatches between public and private actors further constrain investment.

The discussion highlighted the potential of **ecosystem-based adaptation solutions**. Initiatives such as wetland restoration, mangrove protection and regenerative land management can provide cost-effective climate resilience while generating environmental and employment benefits. However, these projects often lack direct revenue streams and involve complex environmental risks, making them difficult to finance. Participants emphasised the importance of bundling smaller projects into larger investment portfolios and developing innovative financing instruments, including resilience and biodiversity bonds, to attract private capital. Successful restoration initiatives combining public and private financing demonstrate that adaptation investments can become viable when projects are properly structured and scaled.



From a **private finance** perspective, Dr Jeremy Gorelick underlined that climate-related disruptions directly threaten business operations and financial stability. Infrastructure failures, supply chain disruptions and water shortages increasingly translate into financial risks, making resilience investments economically rational. However, adaptation financing is still constrained by immature project pipelines, insufficient impact measurement frameworks and evolving ESG disclosure standards. Stronger baselines, improved risk mitigation mechanisms and enhanced transparency are required to build investor confidence. Companies are also increasingly recognising that protecting natural resources, particularly water systems, directly supports business continuity, creating potential entry points for greater private sector engagement.

Speakers also emphasised that climate finance strategies need to reflect local realities, particularly in regions vulnerable to droughts or flooding. They stressed that adaptation efforts are most effective when solutions are developed together with local communities, helping to ensure both long-term sustainability and local ownership.

The webinar concluded with the shared understanding that adaptation and mitigation must be treated as complementary rather than competing priorities. Investments in climate resilience are now essential for economic stability, and closer collaboration between governments, financial institutions and communities will be needed to mobilise sufficient capital. Ultimately, adaptation finance is constrained less by lack of capital than by misalignment between financial systems and resilience needs, underscoring the importance of better coordination between public and private actors to unlock investments that can protect economies and communities already facing climate change impacts.