



# Tracking finance for locally led climate action in Ethiopia

Existing initiative, challenges and recommendations

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# Introduction to Tree Aid and the Alliance of Bioversity International and CIAT

Tree Aid is an international development NGO dedicated to tackling poverty and the effects of climate change by supporting people in the Sahel and beyond to restore degraded landscapes and strengthen their livelihoods through trees. Central to Tree Aid's 2022–2027 strategy is a strong advocacy agenda focused on unlocking climate finance to benefit local communities, particularly in relation to the Great Green Wall Initiative. Tree Aid's work places local people at the heart of land restoration efforts, aligning with global commitments to locally led climate action.

The Alliance of Bioversity International and the International Center for Tropical Agriculture (CIAT) was established in 2019 to address the four interconnected crises of climate change, biodiversity loss, environmental degradation, and malnutrition. It is a global research-for-development partnership that delivers science-based solutions for sustainable food systems and resilient landscapes.

The Alliance's work supports progress towards key international initiatives, including the 2030 Agenda for Sustainable Development, the Global Biodiversity Targets, the 2016 Paris Climate Agreement, and the Bonn Challenge. The Alliance works closely with governments, civil society, and communities to address climate challenges and enable equitable access to climate finance.

Together, Tree Aid and the Alliance are advancing research and advocacy to ensure that climate finance not only flows at scale, but also reaches communities at the subnational level where it is most urgently needed.

## Authors and contributors

The lead author of this report was Charles Callaghan (an independent climate finance consultant), contributing authors were Brenda Binge, Lydia Tesfaye, Dorcas Jalang'o and Pedro Chilambe, (Alliance of Bioversity and CIAT), and Rabeca Lauriciano (Tree Aid).

## Context and purpose of this report

In Ethiopia, climate change poses acute risks, with the AFOLU sector both producing about 83% of national greenhouse emissions and remaining highly vulnerable to climate shocks. Ethiopia's recently updated Nationally Determined Contribution (NDC 3.0) estimates annual financing needs of USD 25.3 billion up to 2035, of which 80% is expected from international sources.

Research undertaken by Tree Aid and the Alliance of Bioversity and CIAT— which analysed the OECD DAC's database on climate-related development finance – found that between 2010 and 2022 climate finance allocated to projects in the AFOLU sectors in Ethiopia totalled approximately USD 6.75 billion<sup>1</sup>. This falls well below the levels required to meet the objectives established in Ethiopia's NDC 3.0.

One of the key findings of the report was that current international tracking and reporting systems provide no, or very limited transparency on how much finance is reaching subnational level. For example, the OECD DAC database only provides detail of the institutions that funding is initially allocated to by the donors – which are typically national government ministries or international organisations – but does not then track how this funding is disbursed thereafter to regions or woredas.

Effective tracking of climate finance can increase accountability, strengthen planning, and build trust between donors, national authorities, and local stakeholders. Tracking and reporting finance for locally led climate action is essential to ensure that investments reflect the priorities of local people, communities, and institutions most exposed to climate impacts. By systematically monitoring both the quantity and quality of climate finance, governments, donors, and civil society can fulfil their responsibility to protect local assets and enhance resilience. Quantity metrics shed light on how much finance reaches subnational actors, while quality metrics assess whether funding is genuinely supportive of locally led adaptation. Key quality dimensions—subsidiarity, flexibility, patience, and predictability—help determine whether local actors are empowered to influence decisions, adapt financing to evolving contexts, and plan for long-term, sustainable adaptation outcomes.

Subsidiarity-focused tracking emphasizes downward accountability by assessing the extent to which decision-making authority rests with local actors. Flexibility of finance ensures that local actors can adjust resources to meet shifting climate and development needs, encouraging innovation and responsiveness to unexpected challenges. Patience in funding, through

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<sup>1</sup> Tree Aid and Alliance for Bioversity & CIAT (November 2024), Analysis of Climate Finance for AFOLU in the Sahel and Horn of Africa (2010 – 2022).

longer-term commitments, enables local institutions to build capacity and adapt strategies over time, while predictability gives communities confidence to plan effectively and sustain initiatives. Although still emerging, the use of these quality and quantity metrics represents a crucial step toward understanding how climate finance supports locally led action, and governments can refine these approaches over time to strengthen accountability and impact.

Building on the findings of the analysis undertaken in 2024, The Alliance of Bioversity and CIAT and Tree Aid, are now working to develop a framework towards greater transparency on finance for locally-led climate action. Initially, this work is focused on four countries – Ethiopia, Ghana, Kenya and Senegal.

## Methodology and Progress So Far

In each of the four countries, we are:

- i. Undertaking an assessment of existing structures and processes for tracking and reporting on climate finance – both at the national level and, where they exist, at the subnational level;
- ii. Identifying what works effectively and any challenges that need to be addressed; and
- iii. Providing targeted recommendations on how processes can be developed / streamlined in future.

The outcomes of this work are being informed through a multi-stage process, which includes:

- A detailed review of relevant policies, reports and data;
- Workshops in each country, which convene a diverse group of stakeholders from the across the national and international climate finance ecosystem;
- Additional meetings with various stakeholders; and
- Responses to a survey that we designed to understand the current state of [Tracking and Reporting Finance for Locally Led Climate Action](#) in the respective countries. The survey aims to capture perspectives on current tracking systems, gaps in data availability, and opportunities to enhance accountability for climate finance flows at the local level.

The proceeding sections of this report present a summary of our findings to date. These are based on the process above, in particular the outcomes of the multistakeholder workshop which took place in Addis Ababa on 18<sup>th</sup> July 2025.

## National initiatives for tracking and reporting climate finance

Ethiopia has progressively built a national architecture to coordinate, track, and report on climate finance. Since 2011, the Climate Resilient Green Economy (CRGE) strategy has guided action, with the CRGE Facility—hosted by the Ministry of Finance (MoF)—serving as the central coordination hub. The CRGE adopts a largely top-down approach, with consultations involving line ministries and regional states, which are expected to represent zone, woreda, and kebele interests.

Climate change has been mainstreamed across key sectors in the Growth and Transformation Plan (GTP) through a multi-sectoral approach. This ensures coherence across strategies and integration of climate concerns within sectors, but can limit the ability of woredas to set priorities that respond to local contexts when these fall outside national GTP priorities.

The government has made substantial public investments to advance CRGE objectives and foster an environment supportive of private investment. Community mobilization and non-state actors also contribute significantly to CRGE financing. Climate finance flows through three main channels:

- i. Public funding managed by or through the MoF (domestic and international, including climate funds);
- ii. Public funding from other line ministries; and
- iii. Private sector and NGO contributions.

The MoF has access to data for the first two channels. To improve oversight, the MoF issued the Climate Finance Tracking and Projection Methodology (CFTPM) in 2017. The CFTPM provides tools and protocols for data collection, tagging, and analysis, and projection models to assess flows from public, private, domestic, international, and community sources, and to design financing strategies for the CRGE. In parallel, the Ministry of Planning and Development (MoPD) compiles reports from line ministries through a bottom-up structure that aggregates woreda-level data up to the national level, using a standard CRGE reporting template.

Ethiopia's public financial management system also supports climate finance tracking through digital platforms, including the Integrated Financial Management System (IFMS), the Integrated Budget and Expenditure System (IBEX), and the Aid Management Platform (AMP).



## **Initiatives for tracking climate finance at subnational level**

Subnational reporting follows a bottom-up pathway from woredas to regional bureaus and onward to national ministries. Stakeholders highlighted that integration of local priorities into national planning is functioning reasonably well. Practical examples include the Addis Ababa Regional Finance and Economic Bureau's collection of financial information from CSOs/NGOs. Development partners such as GGGI are working with MoPD and MoF to build regional capacities for climate tagging and tracking, alongside support for a carbon market strategy.

## What is working effectively

- The CRGE Facility's convening function and MoF's authority over financing agreements help streamline engagement with external financiers, while MoPD consolidates sectoral reports.
- Existence of standard templates within CRGE and a defined reporting pathway from local to national level.
- Established PFM and aid-information systems (IBEX, AMP, IFMS) that can host or interface with climate-tagging approaches.
- Cross-sector mainstreaming through the GTP, with evidence of local-to-national integration in planning.
- Active partnerships (e.g., with GGGI and UN agencies) to bolster capacity in regional governments and line ministries.

## Challenges highlighted

- Definitions and scope: there is no universally agreed definition of climate finance, including ambiguity over what counts (e.g., post-conflict recovery), and how to distinguish climate from general development finance. This results in inconsistent tagging, misreporting and difficulties in reconciling national and donor data.
- Tracking of finance flows that fall under 'Channel 3' (private sector investment and finance from NGOs) remains a challenge, due to limited disclosure. Ethiopia's NDC 3.0 highlights that private finance has contributed only about 8% of total climate finance to date, but the implication is that this may be higher given that some proportion of climate finance flows are not captured by the CGRE Facility's tracking system.
- Capacity and turnover: limited technical capacity across line ministries and subnational entities, compounded by high staff turnover and low engagement from research institutions, civil society, and the private sector.
- Misalignment of templates and timelines: international funds (e.g., GCF, GEF, AF) and diverse donors use different templates and calendars, complicating aggregation into national systems.
- Allocation vs. disbursement gaps and financing quality: delays of up to several years between pledges and disbursements, and a high share of loans in recent flows raise sustainability concerns. Whilst, concessional loans are preferable to commercial borrowing, an overreliance can pose debt risks. Additionally, there is currently only limited data publicly available to discern what the level of concessionality is on projects that are funded with loans. Preferably, grant funding would be prioritised for adaptation projects (for which business models remain less tried and tested, and revenue generation potential is lacking). Concessional lending and blended finance would then be used for projects with a mitigation focus.
- Accuracy and transparency: independent research has identified both over- and under-reporting by donors in adaptation finance, as well as challenges accessing complete project documentation—especially for some bilateral projects.

## **Reporting requirements of international donors and alignment with national systems**

While Ethiopia's CRGE employs a standard national template, major international funds and many bilateral donors require distinct reporting formats. This multiplicity leads to duplication, administrative burden, and difficulties in reconciling figures with national accounts. Workshop participants emphasized that donors and MDBs should align with CRGE protocols where feasible, including climate-tagging practices consistent with the CFTPM, transparent sharing of project documents, and disaggregation of climate-specific components to avoid inflating totals. There is an emerging consensus to advocate for a single—or at least harmonized—template that donors accept, alongside a shared calendar for submissions.

## Recommendations

- Establish a central, authoritative climate-finance data repository governed by the CRGE Facility, integrating (or interoperating with) IBEX, AMP, and IFMS for end-to-end traceability from pledge to disbursement to results.
- Adopt a single, nationally endorsed reporting template and taxonomy for climate tagging—grounded in the CFTPM—and secure donor acceptance through MOUs; where full uniformity is not possible, define a concise mapping between donor templates and the national schema.
- Strengthen MRV: require that all climate-tagged expenditures include clear theories of change, indicators, and independent verification of results; standardize the practice of reporting only the climate-relevant share of multi-objective projects.
- Build sustained capacity: embed technical officers (via partnerships with GGGI/UNDP and universities) in MoPD, MoF, line ministries, and regional bureaus; institutionalize regular training and mitigate turnover with documented SOPs and e-learning modules.
- Improve data completeness and transparency: systematically capture 'channel 3' (NGO) flows and recurrent expenditures; publish periodic public dashboards and granular datasets; require timely sharing of full project documents from all financiers.
- Clarify definitions and scope: issue a national guidance note that distinguishes climate vs. development finance; specify treatment of post-conflict spending and adaptation vs. mitigation apportionment; align with international best practice while tailored to Ethiopia's context.
- Focus on disbursements and local reach: track commitments vs. actuals; require subnational tagging to illuminate how much reaches woredas and communities; prioritize AFOLU investments given emissions profiles while ensuring balance across adaptation needs.
- Engage research institutions, civil society, and the private sector as data providers and validators through formal coordination platforms.

## Accountability and funding responsibilities

- Government of Ethiopia: The MoF (via the CRGE Facility) should own the central repository, set standards, and publish periodic accounts; MoPD should continue to consolidate line-ministry reports; line ministries and regional bureaus should be responsible for accurate tagging, timely submissions, and results reporting.
- International donors and MDBs: Align reporting with CRGE standards; disclose full documentation; report climate-relevant shares transparently; commit to synchronized timelines and minimize template proliferation; prioritize disbursement predictability.
- Non-state actors: NGOs and private sector entities should adopt the national taxonomy, share granular data on climate-specific components, and participate in verification and learning loops.
- Independent scrutiny: Encourage third-party reviews and audits to validate reported figures and outcomes.

## Annex 1 – List of workshop attendees

The following table shows the list of individuals and organisations which participated in the multistakeholder workshop held in Addis Ababa on Friday 19<sup>th</sup> July 2025.

Name of individual	Institution
Mariyana Fassil	MOPD
Getnet Abate	EPA
Tolessa Benti	MOA
Yosef Amha	ACPC
Yosef Berede	MOPO
Ben Irwin	GGGI
Habtamu Wakoye	Leyz
Martha Getachew	Dev Transform
Mekonnen Fufa	MOA
Wondwossen Worku	CIAT / Impact SF
Solomon Zewdie	RNE
Yodit Yaregal	Africa Bamboo
Charles Callaghan	Independent consultant
Brenda Binge	Alliance of Bioversity and CIAT



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AND INCLUSION

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LANDSCAPES

POLICY  
INNOVATIONS

SCALING FOR  
IMPACT

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AND AQUATIC FOODS

SUSTAINABLE  
FARMING